The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

China Apologizes for Boat Seizures as Japanese Army and Navy "Take Over"

ARTICLES IN THIS ISSUE

Nippon Navy Takes Over Coast Patrol in North as Kwantung Army Plans Occupation of Hopei

Japanese Make Demands on Tientsin Customs

Has Germany Signed a Secret "Barter Agreement" with China?

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The Scramble for Possession of Tchurin and Co., Russian Firm in Harbin *(By the Review's Harbin Corrspondent)*

Domestic Political Background of Canton-Kwangsi Crisis *(By the Review's Canton Correspondent)*

Hostilities Along Fukien-Kwangtung Border Foreseen *(By the Review's Foochow Correspondent)*

How Japan Handles Cultural Diplomacy . . By Yen-ying Lu

"Employ Koreans to Teach Us to Become Good Slaves of Japan" . . . . . By T. S. Young

How Alien Intrigue Keeps the Political Pot Boiling . . . . . By C. Y. W. Meng

Northern Generals Prepare Map for Japanese Action . . . . . By Haldore Hanson

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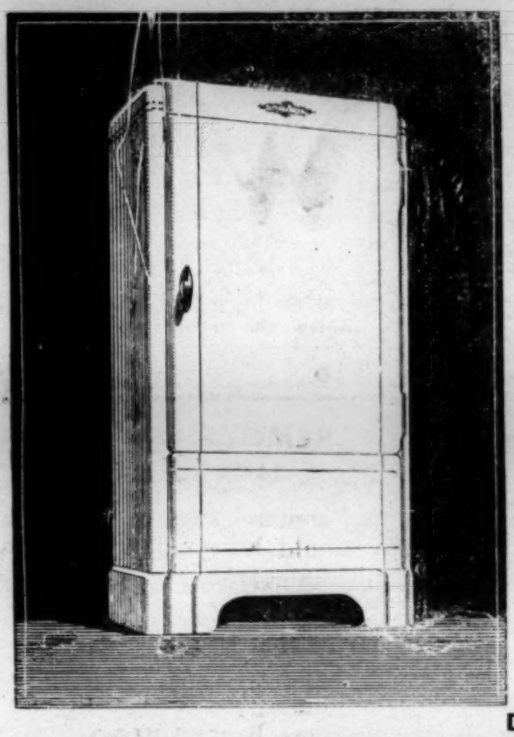

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BRITISH TO REMOVE EMBASSY—U.S. STILL UNDECIDED

THE definite announcement that the British Embassy would be removed from Peiping to Nanking shortly was made in the House of Commons on June 29. The Government spokesman declared that the time had now arrived for the change and that negotiations for the acquisition of a suitable site in Nanking were being made by the British Charge d'Affairs. Permanent premises will be constructed as soon as the necessary funds are provided by Parliament.

But the American Government apparently is still undecided on the advisability of a complete shift from Peiping to Nanking according to reports which appeared in the local newspaper during the week, despite the fact that premises which the American authorities have leased for Embassy purposes are now under construction in the National Capital. Both Ambassador Nelson T. Johnson, who is now visiting in Shanghai and Clarence E. Gauss, local Consul-General, denied any knowledge of the reported removal of the Embassy from Peiping. The latest announcement of an intention on the part of the American Government to remove its diplomatic establishment to the South was made by the official *Central News Agency* on June 28, stating the removal was to be made in August when the buildings were completed. But this report was denied by Willys R. Peck, Embassy Counsellor at Nanking on the following day. Mr Peck explained that while new buildings are now under construction in Nanking and are to be completed in the middle of August, they will only house the present staff of the Embassy in Nanking and provide a residence for the Ambassador. But completion of these buildings does not denote a "formal" removal of the Embassy from Peiping to Nanking, Mr. Peck stated.

Ambassador Johnson's statement on the subject as published in the *Shanghai Evening Post* on June 30 was to the effect that the situation con-

cerning the removal of the U.S. Embassy from Peiping to Nanking, "is what it has been all along . . . I hope that the house which is now being built and which we are leasing will be ready so that my family can spend next winter in Nanking . . . . As in the past the American Embassy will have offices in both Peiping and Nanking."

The London *Daily Herald* published a report on June 3 that the Japanese had demanded the withdrawal of the British and French embassy guards from Peiping, but nothing was said in the report about a Japanese demand for removal of the U. S. Embassy Guard consisting of some 600 Marines.

Korean Element in the Russo-Japanese-Chinese Crisis

IF one would believe the reports which appear in the local foreign and Chinese newspapers the Koreans are engaged exclusively in three chief lines of activity, smuggling, the narcotics trade and terrorism. In North China much of the smuggling of Japanese merchandise is conducted by Koreans and there is no disputing the fact that they are chief dispensers of narcotics, acting on behalf of Japanese principals who remain in the background. In Shanghai the Koreans, when they appear in the headlines at all, usually are linked with alleged acts of "terrorism." A recent police report, based on Japanese information, published in the *North China Daily News*, referred to the deportation to Korea "for trial" of two alleged members of a Korean anarchist band "specializing in murders and robbery." While the rights of the average Japanese with respect to arrest, incarceration and persecution at the hands of the police are not clearly defined in the laws of the Island Empire, the status of the Koreans is even more obscure. For example Koreans are frequently arrested in Shanghai and held in the local Japanese consular jail indefinitely without trial, and, according to common rumor in police circles they are subjected to torture. An example of this situation was provided by the case of the mysterious Korean named "Jack," who was arrested in connection with the killing of the Japanese soldier Nakayama in the Hongkew district last May. Although the Japanese police alleged the Korean was a material witness they never produced him at the trial, allegedly because he bore marks of beatings. Recently it was rumored that the Korean came here from Vladivostok and is able to speak the Russian language which provided further grounds for suspicion on the part of the Japanese police. A few years ago there were several Korean shops in the French Concession but practically all have been closed due to the activities of the Japanese police and spies; in many cases the unfortunate shopkeepers were charged with membership in "terrorist" organizations and deported without trial. In numerous cases where the Korean allegedly resisted arrest or attempted to flee he was shot down and killed somewhat in the manner the police deal with dogs afflicted with rabies. In other words the Koreans despite the fact they once were subjects of a nation of some consequence, count for little today, although there are some 20,000,000 of them.

A Chinese writer in commenting on the steady drift of China toward a status not greatly differing from that of Korea, suggested sarcastically that the Chinese people should employ Koreans to teach them how to become slaves of the Japanese Empire!

But the subject of Korea's present unenviable status was not suggested to us by the Chinese writer but by a communication from a Korean resident of North China who declared that regardless of what may happen in the Far East and despite the fact the Koreans are "chained and defenseless," they will continue their struggle for liberty and a national existence. Of special interest was the information contained in the article regarding the present status of Japan's military strength in Korea.

> The Japanese navy department maintains two squadrons with 52 fast coast guard cutters along the Korean coast. On land the Japanese army maintains two divisions of troops, five regiments of gendarmes and several squadrons of fast military airplanes. There are 2,940 police stations and of the 19,391 police officers, some 8,000 are Koreans, the remainder being Japanese. The number of Japanese police officials is rapidly increasing. The fire-brigades, employing several thousands of men in the various cities, may be deputized for police service in time of need. More than 1,000 students are constantly in attendance at the police training school. All mining engineers carry credentials as "special guards" of the Government. The country is so criss-crossed with military, gendarmes, police, special officers, reservists and spies that the Koreans are being driven to extinction or desperation. To the average Korean the Japanese have no other objective then to "exterminate the race from the face of the earth."
>
> According to the correspondent there are now 600,000 Japanese in Korea, exclusive of the military (Japan Year Book gives 500,867). The total number of government officials is 30,732 of which some 16,000 are of Korean nationality. It was alleged that Japanese officials receive incomes aggregating Yen 31,977,623 while the incomes of Korean officials only total Yen 8,443,143 annually.
>
> Some 85 percent of the Koreans are farmers. Statistics compiled two years ago showed that the so-called "independent" farmers were in debt to an average of Yen 22 each; middle-class farmers to the amount of Yen 80 while common farm laborers were in debt to the amount of Yen 30 each. There are said to be 5,500,000 Koreans, men, women and children, who never receive sufficient to eat and this does not include the beggars of whom there are said to be some 170,000. The country imports more than it exports. Approximately 82 percent of the industrial capital is controlled by Japanese, leaving only 14 percent to the Koreans. It was alleged

that 37 percent of the factory employes are Korean boys under 20 years of age, very few of whom have received any education. They work from 10 to 14 hours a day and receive an average of 30-sen a day. The highest paid factory hands receive an average of about 58-sen a day. The lowest wage received by a Japanese laborer, of whom thousands are now flocking into the country, is Yen 1.16 a day.

Practically everything which Japan does in Korea is labeled "military necessity." Previously the farmers were ordered to "plant more rice." Today, under the pretext of military necessity they are told to plant flax (for linen) and cotton. There is no protection of private property against governmental confiscation, often without compensation.

The educational system presents a special problem despite repeated reforms. Out of 2,200,000 children of school age only 490,000 are able to attend school. In all schools the use of the Korean national language is prohibited. To sing the Korean "national humn," express independent ideas or discuss world affairs are regarded as major crimes. Thousands of children, boys and girls are constantly taken to the police stations for investigation on charges of harboring "dangerous thoughts."

The writer of the foregoing paragraphs concluded with the statement, "Here are the cold facts of present conditions in Korea . . . the world is full of tragedy and the conscience of mankind is already over-burdened with the groans of suffering humanity . . . but the greatest of national tragedies little known to the civilized world is that of Korea . . . freedom from slavery, from the handicaps and unbearable tortures inflicted upon them is the sole aim of every intelligent Korean . . . "

***

That Korea occupies an important position in connection with Japan's ambitious continental program is obvious. The Japanese frequently refer to Korea as a "bridge" to the Continent, but the Korean people probably would prefer the word "doormat," as indicative of their unfortunate status. Since the original occupation of the Manchurian provinces the Japanese Army has expended enormous sums (financed by S. M. R. bond issues) in the development of three new ports on the upper northeastern Korean coast, Yuki, Seishin and Rashin, which the Japanese hope to use in the event of war with Russia. The Japanese military authorities claim it will be possible, by the use of these new ports to rush troops from the

LOOKS PEACEFUL BUT LIKELY TO EXPLODE ANYTIME

Hungchun, Korean populated town which occupies the most dangerous position in the complicated politics of Japanese, Koreans, Chinese and Russians. The above pictures, supplied by Japanese sources, indicate a peaceful typical Korean-Chinese village, but the correspondent declared the peaceful exterior concealed an "unquiet atmosphere." For those who have maps available the town of Hungchun will be found occupying the little corner of Kirin province of Manchuria which extends down to the Japan Sea and separates Korean from Russian territory. Although located on the Manchurian side of the border the population is predominantly Korean with the Chinese in minority position. It is only 3 miles from the Soviet border and in a straight line is only about 40 or 50 miles from Vladivostok. The surrounding country is hilly and is a favorite haunt of "bandits," according to the Russians, but the Japanese call them communists while the Chinese call them „volunteers." The town has some 20,000 people and was once commercially prosperous but due to the closing of the borders trade is now stagnant. The place is a center of intrigue and in the event of Russo-Japanese hostilities would immediately become a center of hostilities.

Tokyo district and Tsuruga directly to Changchun, capital of Manchukuo in 50 to 60 hours. However, it will not be so simple as that because the Soviet submarines and air-bombers based at Vladivostok will be able to play havoc with Japanese troop ships landing on the upper Korean coast because the new Korean ports are only a short distance across the bay from Vladivostok.

The fact that there are said to be more than a million Koreans living in Soviet territory in the Maritime and Amur provinces is also a matter of consequence because these expatriated Koreans, along with even larger numbers in Manchuria are intensely anti-Japanese. The Russians are said to have organized a division of "red" Korean troops from the Koreans residing in Soviet territory. There is also in Vladivostok a Korean University and elsewhere in Soviet territory a number of Korean schools where the old Korean language is kept alive and where large numbers of books are published in Korean for use in schools and by patriotic societies. The Koreans thus constitute one of the "imponderables" or unknown elements in the crisis prevailing in the relations of Japan, Russia and China. That the Korean will again assert himself is obvious, particularly in view of the fact that the population of the peninsula is said to be increasing.

Nippon Navy Takes Over Coast Patrol in North as Kwantung Army Plans Occupation

THE virtual collapse of China's British-staffed Customs Administration in North China and the elimination of all armed Chinese customs protective cruisers (also other armed craft) from North China waters was indicated in reports from Tientsin during the week giving latest details regarding the attempt of the Chinese Customs authorities to forcibly prevent Japanese smuggling.

Details of the complications which have developed as a result of the Chinese action in seizing the two Japanese smuggling boats the Taiei Maru and Moeki Maru appeal elsewhere in this issue, but of greatest significance was the semi-official *Domei* report from Tientsin stating that a Japanese destroyer, the Kiku, had been dispatched to Tangku from the Japanese base at Port Arthur for the purpose of "patrol duty in the Gulf of Chihli." This significant Japanese action was taken following a conference of Japanese military, naval and consular officials held in Tientsin earlier in the week, the object being to discuss steps to be taken " to prevent a recurrence of incidents between Japanese ships and Chinese Customs preventive cruisers."

A report through *Reuters*, also from Tientsin on June 29, stated that the Japanese authorities intended to detain the Chinese Customs cutter Yu Kwang "if it was found that the boat had committed an illegal action against the Japanese vessel Taiei Maru off Chikou on June 20." This report stated further that a decision to seize the Chinese customs anti-smuggling craft had been reached by high officers of the Japanese naval command at Port Arthur who had investigated the situation. The report of the Japanese Navy's intentions was issued from the office of Captain H. Kubota, resident naval officer at Tientsin.

While reports from Tokyo (*Reuters* June 30) alleged that the Japanese Government "did not object to examination of Japanese steamers suspected of smuggling," the reports published in the Tokyo newspapers indicating the views of Japanese naval officers were to the opposite effect. The *Jiji Shimpo* (June 25) referred to the seizure of the two Japanese cargo ships as an "outrage of extreme seriousness." It was declared further that the Chinese action was regarded as "abnormal" and would likely result in a "severe blow being given the North China Customs authorities." Captain Kubota, resident officer at Tientsin was quoted as declaring that the Japanese Navy, "burdened with the maintenance of peace on the seas cannot overlook the Chinese outrage." Another report in the same Tokyo newspaper stated that in the event China "lacked sincerity and tried to maintain the status quo it would become necessary for the Japanese Navy to demand withdrawal of Chinese customs patrol vessels." It was also alleged that the Chinese action constituted "unmistakable proof of the anti-Japanese and anti-Manchukuo attitude of the Chinese . . . and unless Nanking's camouflaged friendship for Japan is fundamentally corrected, there can be little improvement in the situation . . . it is regarded as probable that the issue will develop into one between Japan and the Nanking Government instead of being confined to the North China Customs only."

China was fortunate in the present instance in having British subjects, officials of the Maritime Customs Administration, to assist her in the fight with the Japanese over the smuggling issue, but the two British officials, H. D. Hilliard at Tientsin and Hugh W. Bradley at Tsingtao, were seriously handicapped in not having the support of the local Chinese police and military athorities who have been thoroughly intimidated by the Japanese. However, the fact that China employs a large number of Britons in executive positions in the Customs Administration, constitutes a chief reason why Japan is trying to destroy the service, the Japanese object being to obtain control in order to facilitate the creation of the so-called Japan-China-Manchukuo "economic bloc." The

subject of Japanese attacks on the British-administered Chinese Customs Administration and the protection of British trade and vested interests in North China constituted chief subjects of discussion when Sir Frederick Leith-Ross, British economic adviser, was in Tokyo recently. Indicative of Japan's intentions with respect to the Customs Administration, were the resolutions passed by a Japanese mass-meeting held in Tsingtao on June 26, demanding:

> (1) An apology to the Japanese authorities by the Inspector-General of Customs and by the Tsingtao Commissioner of Customs.
> (2) The dismissal of the Tsingtao Customs Commssioner.
> (3) The dismissal of the crew of the Customs preventive cruiser involved in the incident and the prosecution of its members in criminal court.
> (4) The removal of all Customs preventive cruisers from the vicinity of Tsingtao.
> (5) The payment of indemnity to the injured members of the Japanese vessel's crew.
> (6) Guarantees against a recurrence of similar incidents.
> (7) "Positive punitive measures" against the Customs in case the latter "lack faith" in dealing with the issue.

⁂

A report published in the *Shanghai Evening Post* on July 1 stated that the Chinese authorities had completely capitulated in the face of a Japanese threat to seize the Yu Kwang, the report being to the following effect,

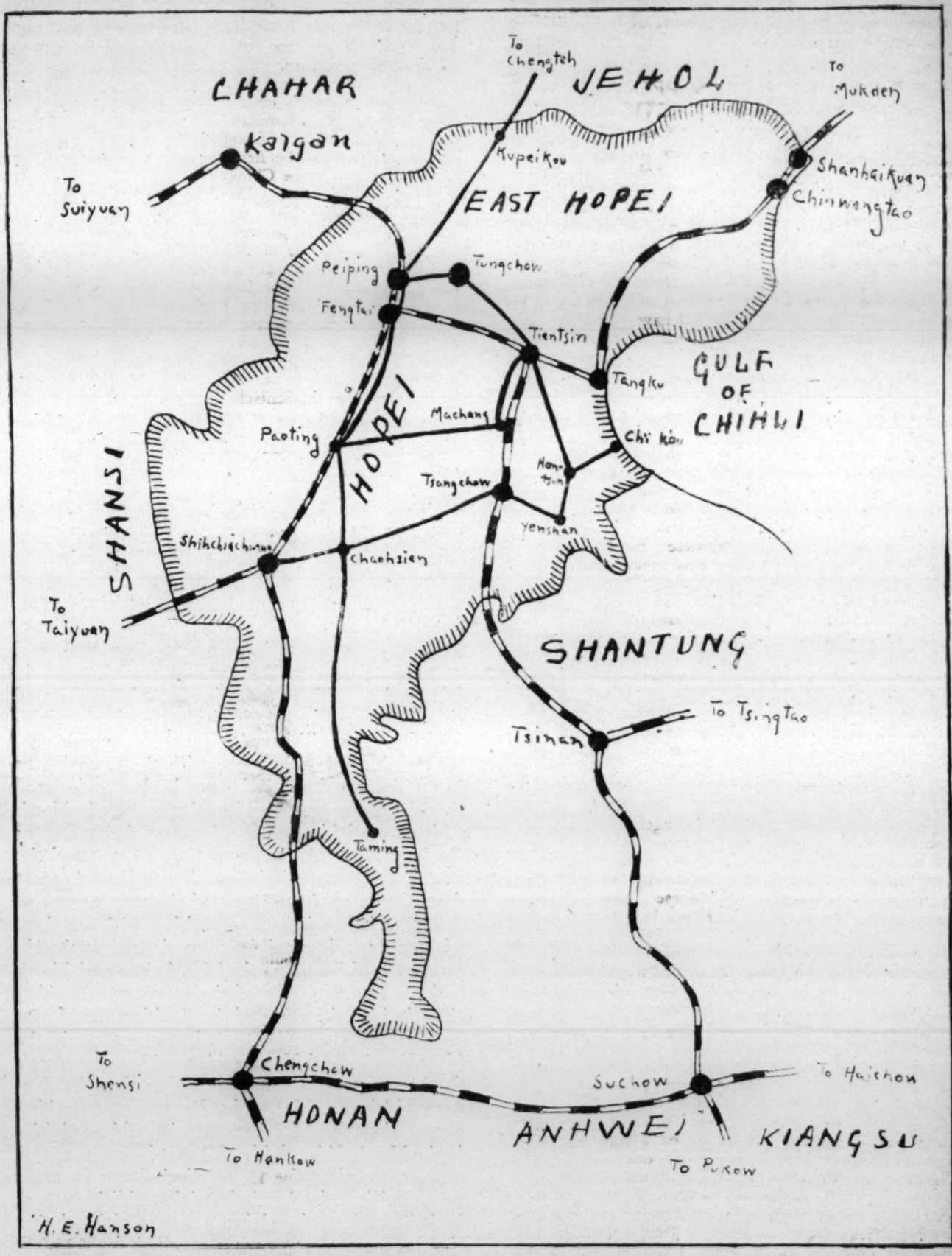
> "The foreign commissioner of the Tientsin Customs yesterday called on the Japanese authorities and tendered an apology for the alleged insult of the Japanese emblem. He also wired to the Tangku customs agents to release unconditionally the seized Japanese vessel, and accepted a Japanese demand for a reshuffle of the officers on the Yu Kwang. The customs cutter has now resumed its duties after being placed under watch by Japanese naval authorities. The two Japanese destroyers which were sent to Tientsin as result of the incident, have also left.

While these developments were taking place with respect to the Customs Administration and Chinese coastal protective organs in the North extending from Tsingtao to Shanhaikwan, the Imperial Japanese Army was establishing its position ashore in equally positive manner. Further on in these columns is an article by a correspondent in North China giving details of the Japanese plan to occupy Hopei province in accordance with the secret "anti-red" pact which the Japanese military allegedly forced on Gen. Sung Chen-yean sometime ago. In addition to this article *The China Press* also published an article on June 29 by a staff correspondent, C. D. Alcott, who investigated the situation along the railway from Peiping to Shanhaikwan. Mr. Alcott showed that while the Japanese have about 8,000 troops scattered along the Peiping-Mukden railway from Peiping to Shanhaikwan and along the Peiping-Suiyuan railway from Peiping to Kalgan, it would be possible for the Japanese to bring in an additional 30,000 from Manchukuo garrisons stationed in the vicinity of the Great Wall passes within 24 hours. The constant shiftings and transfers of troops, combined with the holding of reviews and co-called "night-maneuvers" has created the impression of actual occupation on the minds of the Chinese people. A foreigner who recently traveled through Hopei province stated that the Japanese military authorities were accustomed to sending military trucks carrying small groups of armed soldiers to the villages and leaving the trucks standing in the streets all day while the Japanese soldiers busied themselves in making maps, taking pictures and making inquiries of the local people regarding their attitude toward Japan and Japanese goods.

⁂

The *Osaka Mainichi* reported on June 24 that the Japanese Government had decided to foster the creation of a special Japanese bank to function in North China which would facilitate Japanese economic development in that area. It was first suggested that the Bank of Taiwan and Yokohama Specie Bank be encouraged to extend their activities into the territory of North China now dominated by the Japanese army, but official Finance Office and the Manchurian Affairs Bureau in the Cabinet decided that Japan's objectives would be better served by an entirely new bank which would not be restricted as would be the case with branches of other banks already in existence. The new bank, with a minimum capital of $50,000,000, will handled foreign exchange, commercial financing, bill discounts, loans on real estate and the right to issue notes. The bank will cooperate closely with Japanese financial organs in Manchukuo. The report in the *Mainichi* stated that the proposal to establish the new bank originated from the criticism that Japan's economic program was not keeping pace with the extention of her military and political control. It was declared that the cornerstones of Japan's program in North China were laid when the Japanese Army created the East Hopei Autonomous Government and the Hopei-Chahar political Council. A *Domei* report from Osaka on June 30 stated that two groups of Japanese industrialists, comprising 173 members of manufacturing guilds, were departing shortly on a tour of inspection in Manchukuo and North China. The report stated the groups were making the trip in anticipation of the "golden age of economic development" expected to eventuate in the New Empire and North China. Also there was a further report from Tokyo stating that the Japanese Tobacco Monopoly Bureau was making preparations for a further extension of its activities in the North China field. There also were several reports regarding the construction of new Japanese cotton mills and other industrial establishments at both Tientsin and Peiping. It was claimed that the Japanese cotton program called for 330,000 Japanese cotton spindles in Tientsin by 1938. However, chief interest was centered in the creation of the new bank which the Japanese claimed would "replace the British Hongkong and Shanghai Bank in Chinese economic development." It

WHERE JAPANESE TROOPS WILL OCCUPY HOPEI



This map, drawn by the author of the accompanying article, indicates the strategic points in Hopei province which have been marked out for occupation by the Japanese army.

was claimed that the new bank would occupy an important position in "the enforcement of governmental policy from the standpoint of financial and economic matters."

NORTHERN GENERALS PREPARE MAP FOR JAPANESE ACTION

BY HALDORE HANSON

EVERY time the Mukden Office of the Japanese Kwantung Army prepares to gobble up a little more territory, the meal is presaged by special sacrements, such as improving roads and draping all the trees with telegraph wires; if one may be permitted to be sacriligious, he might say this is the Japanese army "grace before meals." The Jehol campaign in 1932, the drive on Tientsin in 1933, General Doihara's gymnastics in June of last year, and the creation of the East Hopei Autonomous Government could all have been predicted months in advance by a survey of the Japanese highway and telephone maps.

The past three months in North China have been marked by extensive highway resurfacing, and the usual stringing of military telephones throughout the province of Hopei. From May 15 to June 7 preparations had reached such a stage that skeleton detachments of Japanese troops were stationed at all the strategic cross-roads of the transportation system. These troops were labelled "consular police," and their avowed purpose was to "protect innocent Japanese nationals who ran afoul of China's new smuggling laws." Everything seemed in readiness for the order to "take over" if the scheduled negotiations between General Sung Cheh-yuan and the newly arrived Japanese commander were not satisfactory.

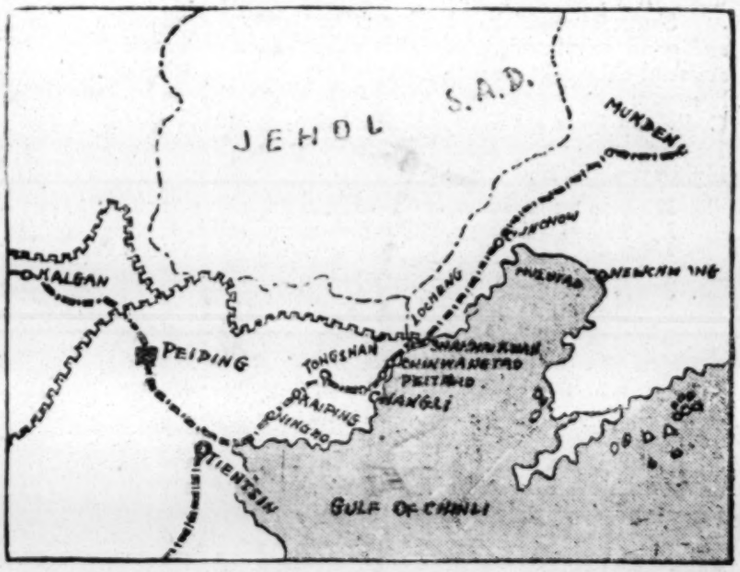
But something caused a temporary delay in the execution of the larger Japanese plan—whether due to the Chinese complications in the Southwest or trouble within the ranks of Gen. Sung's 29th army in the North—was not known. It was claimed that by the middle of June all detachments which the Japanese army had "planted" at strategic centers throughout Hopei were called back to Tungchow or Tientsin. Some thought the Japanese realized that a coup engineered by their forces in North China at this time of high political tension might precipitate a general anti-Japanese "mass-movement" which Nanking might not be able to control. The Japanese by greatly expanding their garrisons have, in effect "taken" North China but they would prefer to do it "legally," that is with the approval of Gen. Sung and Nanking stamped on the document somewhat as the Tangku Truce and Ho-Umetzu agreements were put over.

A glance at the transportation map of Hopei shows the nerve centers which the Japanese have marked out for control. Chinwangtao is now heavily garrisoned by Japanese troops, many of which are awaiting the completion of barracks in Peiping or Tungchow. The Japanese commander at Chinwangtao is one of the highest officers in the Mukden War Office; it was he who personally ordered the withdrawal of Chinese armed revenue guards and armed coast guard cutters from the Autonomous Government territory. Tangku at present resembles a frontier city in time of war. Abutting the railway platform the Japanese have built a stone fort, with blockhouses at the ends. Their garrison, which they claim does not exceed 500, is quartered in the barracks of this fort. The streets are filled with Japanese and Korean civilians who have opened a new hospital, a beer parlor, a half dozen dry goods stores, twenty-odd dispensaries for drugs, and new shipping docks. While the flag of Tangku is officially Chinese, actually one-third of the ensigns are "Autonomous" and the other two-third are Japanese.

Farther inland, the three most important railway junctions are Tientsin, Fengtai, and Shihchiachuang, as these three points dominate all traffic to Shanghai, Hankow, Suiyuan, and Shansi. The seizure of these three points will be the first step in the amputating of Hopei from the rest of China.

Tientsin, of course, has been dominated by the Mukden War Office since the formation of the Hopei-Chahar Council. The garrison at Tientsin now numbers from 4,000 and 6,500 according to various estimates, but many of these men are awaiting transfer to Peiping or Tungchow. The new Japanese air field at Tientsin, and the spider web of temporary roads and telephones which were recently erected with Tientsin as the hub would indicate how important the Japanese consider Tientsin in their operations, quite aside from its political significance.

Fengtai and Shihchiachuang are outposts which need be garrisoned only at the initiation of operations.



The above map reproduced from The China Press, shows points along the railway from Shanhaikwan [to Kalgan where Japanese military garrisons are being maintained. In fact all along the railroad from the South Water Gate at Shanhaikwan to Kalgan, every station, large or small, has its Japanese soldiers and while there are only 8,000 in the area, a number double that could be brought into the "East Hopei" area almost overnight from "Manchukuo."

During May the Peiping papers reported that a garrison of 65 Japanese, mostly officers and telephone linesmen, were stationed at Fengtai; the number was later reduced but more recently increased again, according to the station master's office. At Shihchiachuang, likewise, the Japanese consular police during May were increased to more than fifty, who busied themselves drawing maps and gathering commercial statistics. According to the Shihchiachuang Bureau of Public Safety, they were all withdrawn prior to June 15, when the Korean salesmen of drugs and smuggled sugar were forced to leave.

In addition to the three vital rail junctions, the seizure of Hopei would require "temporary" control of Kalgan, Chengchow, and Tsinan in Shangtung in order to hold any opposing troops at arm's length, and facilitate complete coordination of communications within Hopei. Kalgan already possesses a substantial Japanese garrison,

and reinforcements are available either from Chengteh on the east or Kuyuan to the north.

Tsinan, key to the Tsingtao railway and the large Japanese investments in Shantung, is a critical spot, and a delicate one. There are no Japanese soldiers in Tsinan, except a few guards at the consulate, but the Japanese army has had ample opportunity to lay its military strategy in Shantung during the two occupations of 1915-22 and 1928. It is reasonable to expect that no Japanese military occupation of Hopei could be accomplished without the cooperation, or passive assent of Governor Han Fu-chu. There has been much Japanese intrigue with Gen. Han Fu-chu in recent months, conducted by a constant string of Japanese military and civilian officials. Recently Gen. Sung Cheh-yuan made a hurried trip to Shantung for a secret conference with Gen. Han and there have been reports of Han's intentions to take a trip to Peiping to confer, and perhaps, sign on the dotted line. But Gen. Han suddenly became ill last week and asked for a fortnight's leave of absence.

Chengchow in northern Honan has always been a question mark on the Japanese map. In 1932-33 the people of Chengchow were so loud in their anti-Japanese demonstrations, and so effective in their boycott that it was necessary for Japan to establish a new consulate in Chengchow, a "good will" gesture as it were.

Since all motor roads in North China are dirt-surfaced, and good only between rains, considerable suspicion was attached to the Japanese military order that five specific highways be made or resurfaced before June 1. Ordinarily these roads would be usable only till August 1 when the heavy autumn rains begin. The five highways demanded were:

1. Peiping to Taming, 550 kilometers
2. Tientsin-Yenshan, 113 kilometers
3. Tsangchow-Yenshan, 35 kilometers
4. Hantsun-Ch'i K'ou, 34 kilometers
5. Paoting-Tientsin, 160 kilometers

Three of these highways (Nos. 2 and 4), as one can see from the map, constitute a unified system to link up the new port at Ch'i K'ou with Tientsin, and the two north-south railways. This port was first announced as a new customs station by Gen. Sung Cheh-yuan in April. But as work continued on new docks long after the Customs Guards had suppressed smuggling through the port, observers began to link the work with the Japanese order for highways. Ch'i K'ou could serve as an auxiliary port for the despatch of troops to Shihchiachuang in case the northern Tangku-Kalgan line was cut. This would give two east-west lines of communication, from Tangku to Mongolia and from Ch'i K'ou to the southern railheads, which could serve as the rear guard approach to keep China at bay.

The reason for the Tientsin-Paoting highway was not to facilitate trade, but to make possible quick transportation of Japanese troops to the Peiping-Hankow railway without the necessity of using the Chinese trains. Japanese military trucks make almost daily runs over this highway, and the territory adjacent to the road is used for small field excursions or practice attacks by the Japanese forces.

The Peiping-Taming highway, which forms an almost continuous line of communication from north to south, allegedly was inspired by the recent communist uprisings in the far southern portion of the province. Some 70 or 80 farmers in the vicinity of Taming have been executed in recent months for communist connections.

No comprehensive information is available on the Japanese stringing of telephone lines this spring, but a Japanese military truck with drums of wire is a common sight in Hopei. It is definitely known that Japanese military wires are now in operation from Kalgan to Peiping, and thence southward to Paoting and Shihchiachuang; another from Peiping to Tientsin, to Tangku, to Shanhaikuan; a third from Tientsin to Tsinan; a fourth from Tsangchow to Shihchiachuang; and a gossamer of wires enmeshing the demilitarized zone, with the focus at Tungchow. There is no point in Hopei more than thirty miles from a Japanese military telephone.

Air fields have likewise multiplied like kaoliang fields. Of the eleven nerve centers in the Hopei transportation system, the only two which have no air fields are Ch'i K'ou (now abandoned) and Shihchiachuang. The latter deficiency the Japanese are doing their best to remedy, but so far the local authorities have resisted every effort for the purchase or lease of land in that vicinity.

Shihchiachuang, Hopei, June 30, 9136.

British Newspapers Criticize Judge Grant Jones for Aspersions on Reporters

Criticisms by Judge Grant Jones and counsel in the British Supreme Court July 26 regarding the inadequacy of Court reports in the Shanghai newspapers brought forth sharp rejoinders from both the *Shanghai Times* and the *North China Daily News*. It would appear that Judge Jones refuses the newspapers to make copies of his written judgments after they have been read in court. The *Shanghai Times* said that it was unreasonable to expect a paper to rely on shorthand notes of judgments sometimes read at a speed of 200 words a minute, and the newspapers adopted the old newspaper rule, when "in doubt leave out." The *Times* further said that if the Court expected fuller consideration in said newspaper "proper facilities and courtesies must be made available."

The *North China Daily News* the following day in associating itself with the *Times*' criticisms said: "The remarks made on Friday were exceptionally unfortunate because this journal has had recent proof of obstructiveness shown to its reporters in their endeavor to obtain co-operation from officers of the Court in the nterests of accuracy of reporting".

M. R. Nicholson, Back from U. S., Says Industrial Position Has Improved

M. R. Nicholson, head of the local offices of the United States Treasury Department, who accompanied Dr. P. W. Kuo and K. P. Chen to Washington for the signing of the U. S. Silver Purchase Agreement, returned to Shanghai July 21 after an absence of about three and one-half months. Mr. Nicholson made the trip to Washington on instructions from Henry Morgenthau, Secretary of the Treasury, acting as an escort to Mr. Kuo, Director of the Bureau of International Trade, and Mr. Chen, Chairman of the Currency Board of China, while they were in the United States capital.

Interviewed shortly after his arrival Mr. Nicholson declared that he had nothing to say regarding the official side of his trip. He talked freely however of present conditions in the United States. He declared that the industrial situation struck him as having improved considerably and that increased manufacturing enterprise was gradually absorbing the unemployed. He stated there seemed to be a general feeling of greater contentment and happiness among the people and that while the press seemed to have taken serious issue with the New Deal, the general impression seemed to be that Roosevelt would probably be re-elected.

Mr. Nicholson made the trip back to China *via* Siberia.

Messrs Chen and Kuo, who are now visiting in Europe, are expected to return to China about the end of this month.

U.S. and British Oil Firms Agree to Japanese Storage Requirements

Solving an acrimonious three-year old dispute, which led to exchanges of vigorous diplomatic notes between Tokyo on the one hand, and London and Washington on the other, American and British oil firms announced June 27 their decision to observe the stipulations of the Japanese oil law. The statute, enacted on March 7, 1935, requires that all oil concerns accumulate reserves equal to six-and-a-half months' oil consumption. The firms protested on the ground that the construction of storage tanks would involve an expenditure of sums unwarranted by the sales.

Texas Corporation Will Market Standard Crude Oil

It is announced that the production of crude oil of the Standard Oil Company of California East of Suez and the petroleum products of the refinery, which is now under construction in the Bahrein Islands, in the Persian Gulf, will be marketed through the foreign distributing facilities of subsidiaries of the Texas Corporation. J. V. Murray, managing director of the Texas Company in Shanghai from 1924 to 1932, will be one of the Texas Corporation's representatives as director of the new corporation.

China Signs Geneva Opium Convention—U.S. Refrains

UNLESS messages from Geneva, reports from *The Review's* correspondent at Canton and *Reuter's* telegrams from Nanking misrepresent the situation, it would seem that while China's friends abroad are doing all they can to help her to solve the difficult opium problem, at least a portion of the people within the country itself are engaged in a gigantic contest to control the revenue derived from the traffic at home.

A telegram from Geneva June 26 stated that the refusal of the United States to sign the Opium Convention had been announced by the American delegate, Stuart J. Fuller, at a meeting on that date of the Opium Conference. This action, he said, was based on the ground that the Convention constituted a step backward in the world's anti-narcotic campaign. Mr. Fuller, who was formerly U.S. Consul-General in China, expressed particular criticism of the articles empowering any State to refuse to extradite a drug trafficker taking refuge in its territory. The Convention, he complained, did not deal with extraterritorial zones, where the drug question was very acute. All the other delegates signed the Convention.

Despite America's stand in the matter, China itself signed the Convention. Dr. Victor Hoo, Minister to Switzerland, who represented China as chief delegate at the session, in a detailed report to General Chiang Kai-shek at Nanking, reported that he had signed on behalf of the National Government. He expressed the opinion that the enforcement of the Convention will greatly facilitate the task of opium-suppression in China.

A telegram from Tokyo June 30 stated that Japanese traffickers in opium and other narcotics in China and in Manchukuo would be dealt with under new Foreign Office regulations going into effect immediately. According to the announcement made by the Gaimusho the rules were promulgated under the tearms of the Opium and Narcotics Convention signed in Geneva. They would not apply, for the time being, to the South Manchuria Railway Zone.

Reuter's correspondent at Nanking June 30 (covering pretty much the same ground as *The Review's* correspondent at Canton had covered two weeks previously) stated that the real motive behind Kwangsi's agitation against the Central Government is to obtain the $20,000,000 annually in opium taxes and divert this for its huge armament budget. Kwangsi, it was mentioned, is a poor province, and its revenue does not cover expenditure. Its budget is divided into "national" and "provincial" sections, but since Kwangsi has always been, more or less, an independent Province, its "national budget" has never been controlled by the Central Government.

According to the 1934 "national budget" of Kwangsi, which included the salt, tobacco, wine, stamp, mining and other taxes, the "national" revenue of the province totalled $1,910,000, while expenditure amounted to $14,770,000—a deficit of $12,860,000.

Of the annual expenditure, finance, education and other cultural items totalled $480,000, and the remaining $14,200,000, it alleged was used entirely for armaments.

According to the 1934 "provincial budget" of the province, the "provincial" revenue totalled $27,570,000 and the "provincial" expenditure ran up to the same figure. In 1935 Kwangsi's "hsien" budget showed an income of $9,240,000, and this figure also represented the total "hsien" expenditure. Kwangsi, it is contended, therefore relied entirely on its transit tax on opium from Yunnan and Kweichow provinces to meet its huge armament budget. It is estimated that the opium tax totals from $12,000,000 to $8,000,000 a year for its "private war chest." Following the Central Government's determination to suppress poppy-growing in Yunnan and Kweichow, the opium export business of these two provinces suffered severely, and Kwangsi, which relied entirely on the opium tax for its armament burget, was faced with a serious problem. Its opium monopoly bureau and other tax offices, have failed to raise sufficient funds for its military budget. Reference was made to the fact that Generals Li Tsung-jen and Pai Chung-hsi had repeatedly sent petitions to the Central Government asking that Kweichow be placed under the control of Kwangsi; they apparently wanted the opium trade in Kweichow to be revived and to collect sufficient in opium taxes to meet their armament budget. The despatch of troops into southern Hunan and the agitation of the Kwangsi leaders for resistance against "external aggression," according to sources quoted by *Reuter*, were intended solely as a means of applying pressure on the Central Government to enable Kwangsi to control the opium tax and revive the opium trade in Kweichow.

It may be remarked in this connection that China's problem with opium is pretty much the same as that of America's with liquor. Both countries for a time adopted a policy of absolute prohibition. Both were hindered in their attempts at enforcement by the flood of contraband from foreign countries—China still is. America with the advent of the Roosevelt administration chose to abandon prohibition and instead decided to tax the traffic and take the proceeds. The revenue from the liquor traffic in the United States is enormous. America today collects more

customs duties from liquor than from any other import. China has declared opium a monopoly with the ostensible object of eventually suppressing the traffic. China is enforcing severe measures against violators of its anti-narcotic regulations, as America did at the time of prohibition. A spokesman of the Shanghai Municipal Council was recently quoted as saying, "To the Western mind sentence of life imprisonment or death for merely smoking opium is appalling." Yet in the United States itself there were cases under the Baumes law of people receiving sentences of life imprisonment for doing nothing more heinous than handling whisky (three offences in succession.)

China Gets Aid from Geneva in Drug Suppression

By 13 votes to one, the International Conference for the Suppression of the Traffic in Narcotic Drugs at Geneva June 24 adopted an agreement which will facilitate the application of existing narcotics regulations toward persons enjoying extraterritorial rights in foreign countries. The adoption of this principle will render great assistance to the Chinese government in the anti-drug campaign undertaken by Nanking, Victor Hoo, Chinese Minister to Switzerland and one of the leading members of the conference, declared in a speech after the agreement had been concluded.

Heavy Sentences Imposed for Trafficking in Heroin

Three men were sent to prison for twelve years each, while another was sentenced to six years' imprisonment by the First Special District Court in Shanghai last week after being convicted of trafficking in heroin, and offence for which heavy punishment is provided in the Chinese narcotic suppression laws.

Gen. Chiang Kai-shek Prepares to Enforce Discipline; Fresh Sino-Japanese Incidents Arise in North

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Gen. Chiang Ready for Action If Southwest Disrupts Unity.**
2. **Kiyang in Southern Hunan Reported Captured by Kwangsi Troops.**
3. **Southern Kweichow Panic-Stricken as Kwangsi Troops Penetrate.**
4. **Central Government Forces Said Complete Masters of Southern Hunan.**
5. **Southwest Delegates to Attend C. E. C. Session to Present Demands.**
6. **Real Motive Behind Kwangsi Agitation Said to Regain Opium Tax.**
7. **Kawai Lodges Third Protest Against Anti-Japonism in Canton.**
8. **Fresh Sino-Japanese Incidents Arise in North China.**
9. **Rumor of Resignation of Gen. Han Fu-chu Denied in Nanking.**
10. **Independent Government Reported Established in Inner Mongolia.**

In the course of an interview with Chinese newspaper representatives on June 25 at Nanking, Generalissimo Chiang Kai-shek said:

"Peace or chaos in China is not only of deep concern to her own people, but it also affects many other countries in the world. However, her existence or extinction does not depend so much on international conditions; we should always remember our own responsibility. A nation must first attack herself before other countries will attack her. This saying of the ancient sage deserves our attention. If all people in the country will co-operate and strive hard to overcome our difficulties, we shall, in spite of the tremendous odds against us, be able to succeed in steering the ship of state through the troubled waters. On the other hand, should we try conflicting measures and bring about conflict among ourselves, then our efforts would only lead to disaster. The greater the effort, the worse the disaster would be. If our ship should sink, we would all perish, and those responsible for it would have committed a sin which could never be atoned.

"At this critical moment, our responsibility to our country is especially great. The Central Government must carry out its policy of internal peace and unification to the end, and it is hoped that all our fellow countrymen will understand our attitude, and do their level best, as citizens of the country, to help the Government in carrying out this policy.

"China should be a unified nation. From our past history we learn that peace and prosperity only existed when the country was unified, while the reverse was true when it was not. Hence, wherever the administration of the country should be under centralized control, the Central Government will bear the responsibility and not yield it to others.

"Yet due consideration will be given to sectional interests even in a unified country. The psychology and customs of the people of various provinces are often differnet, and they will receive consideration at the same time when efforts are made to maintain a uniform administrative system.

"The Central Government is perfectly willing to discuss with absolute candor the affairs of the various provinces, in order to arrive at the best solutions of their problems. It is also ready to assist with men and money the development of the provinces. But the aim must be the welfare of the nation as a whole, and personal interests and prejudices must be put aside.

"We hope that the people in the provinces will realize the importance of co-operation, and of the maintenance of proper discipline. The Central Government is trying to unify the country by peaceful means. Hence the provinces should also support it in the proper way in order to make the nation strong and improve its international position.

"Although there are many ways of maintaining peace in a country and making it strong, a most important requisite is strict military discipline and centralized military command. All movements of troops should be in accordance with the orders of the highest office in the Central Government upon which devolves the responsibility of deciding upon the national policy. There should be no freedom in the matter. It is only thus that the country can be governed and the nation be made strong.

"If any section of the country has suggestions to make concerning national affairs, they should be made in a peaceful way and with perfect open-mindedness. No independent action should be taken which might lead to disorder in the country.

"Recently the troops of Kwangtung and Kwangsi have been moved into Hunan, Kweichow, Kiangsi and Fukien—an action which does not agree with the above-mentioned principles, and is much to be lamented. However, I still believe that the officers and soldiers of these provinces are patriotic enough to respect the policy of the Central Government and will co-operate with it for the benefit of the country, if they will consider the matter carefully. If they do, I am ready to treat them with the greatest sincerity. I will not blame them for what they have done or send the troops of other provinces into Kwangtung and Kwangsi. With perfect open-mindedness I wish to ask for the candid response and loyal support of the authorities of these two provinces.

"As to my personal attitude, it is already known by all unbiased people in the country. At this critical moment, being entrusted by the Party and the nation with such heavy responsibilities I will exert my utmost to work for the future of the nation and the race. I have already announced my unwillingness to be a candidate for the Presidency under the new Constitution, and I can emphatically assert that I do not care for any personal glory or advantage. I only want to lead my compatriots to face all hardships and lay a firm foundation for the Republic of China, which should be the aim of all citizens of this country."

KIYANG IN HUNAN REPORTED CAPTURED BY KWANGSI FORCES

Domei in a dispatch from Canton June 30 reported the capture of Kiyang, southern Hunan, by the 7th regiment of Gen. Hsia Wei's 15th Division of the Kwangsi Army. The dispatch said that Kwangsi forces clashed with Nanking Government troops on June 28 and the same night Kiyang was taken, while the next day, the Kwangsi forces entered Taying. Skirmishes between another Kwangsi column, advancing towards Paoching, west of Hengchow, and Nanking troops under Gen. Hsu Yuan-chuan, were also reported.

The Kwangsi authorities on July 1 categorically denied reports that Kwangsi troops had clashed with Government forces and had captured Kiyang, in southern Hunan. They reiterated the claim that all Kwangsi troops had been withdrawn to the border since June 12.

A clash has occurred at Hengchow between Kwangsi and Nanking troops, reported *Reuter* from Hongkong June 25. The vanguard of the Kwangsi forces, having avoided Kiyang, which is strongly held by the Central Government, advanced towards

Hengchow, where they encountered Nanking soldiers guarding the outskirts of the city. A number of shots were fired, and the defenders suffered several minor casualties, after which the Kwangsi troops withdrew.

A large force of Kwangtung troops is advancing northward towards Huichang, about 60 miles inside Kiangsi. One battalion of Kwangtung troops has already reached Chengchiang, 12 miles from Huichang.

Reports having been received to the effect that small numbers of Kwangtung troops have entered Fengshih, a town in Yungting district southwestern Fukien, General Chiang Ting-wen, Director of the Changchow (Fukien) Pacification Headquarters, has dispatched another telegram to General Chen Chi-tang, Commander of the Kwangtung Provincial Forces, inquiring about the object of the eastward march of the Kwangtung troops.

SOUTHERN KWEICHOW PANIC-STRIKEN AS KWANGSI TROOPS PENETRATE

People in the southern districts of Kweichow are panic-striken as Kwangsi troops continue to arrive in a northward push. A large number of inhabitants in Tushan and its surrounding towns, now being held by Kwangsi troops, have evacuated their homes to seek refuge in cities further to the north. Tushan is about 45 miles inside Kweichow from the Kwangsi border. Messages from Tushan state that the Kwangsi forces there are demanding a financial contribution of $50,000 for the maintenance of the "guest" army. Besides, the dispatches add, the Kwangsi troops are drafting by compulsion as many able-bodied men as possible for military service.

Shanghai Mainichi reported June 30 that the alleged Anti-Chiang movement had extended to Kweichow, as troops under former Chairman Gen. Wang Chia-lieh had announced their support for the Southwest movement against Nanking.

The students of Kwangsi have organized themselves into students' corps. They will be sent to the front to fight the Japanese.

In an order issued on June 23, the Kwangsi authorities instructed that no male adults are allowed to leave Kwangsi. This order was issued in view of the departure of large numbers of men for Kwangtung in order to escape the conscription system now being enforced by the Kwangsi authorities.

Frantic military preparations are being rushed by the military leaders in the Southwest. The military authorities in Kwangtung and Kwangsi have decided to strengthen the garrison posts along the Liang-Kwang border. The people's militias and farmers corps will also be shortly reorganized into regular fighting units.

For the purpose of raising funds for air defense, Canton has decided to float a loan of $10,000,000 through the Kwangtung Provincial Bank. Of the amount it has been decided, $7,000,000 will be given to the Air Defense Commission in Canton for the installation of sirens and other necessary preventive equipment and construction of landing fields. All districts in that province are required to subscribe to the loan beginning from July 1.

Campaign plans were discussed at Canton June 24 by Southwest Army, Navy and Air Force commanders at a conference called by General Chen Chi-tang, commander-in-chief of the 1st Group Army of the Anti-Japanese National Salvation Forces. General Pai Chung-hsi, second-in-command of the Kwangsi forces, is reported to have decided to enlist the services of former 19th Route Army commanders and to appoint Generals Ong Chao-huan, Chang Yen and Ou Shou-nien commanders of the first, second and third independent divisions, respectively.

General Pai Chung-hsi, second-in-command of the Kwangsi Army, returned to Nanning June 29 following a flight over the Kwangsi-Hunan and Kwangsi-Kweichow borders. General Pai, accompanied by General Hsia Wei, commander of the 15th Army, carried out an inspection of the Kwangsi defense lines.

Wang Kung-tu, member of the Kwangsi Provincial Government, has been sent by Generals Li Tsung-jen and Pai Chung-hsi to Nanking. Mr. Wang left Hongkong for Shanghai June 26 on way to the Capital.

General Pai Chung-hsi has sent a number of his Japanese advisers to Japan to negotiate for certain matters, reported *Shun Pao* June 25.

NANKING TROOPS SAID COMPLITE MASTERS OF SOUTHERN HUNAN

Central Government troops are completely masters of southern Hunan as far south as Yungchow, 15 miles from the Kwangsi border, according to foreign and Chinese observers who recently arrived at Hankow from that region. In the opinion of these observers, the Kwangsi troops remaining in southern Hunan—of which they saw no signs at any stage of their journey—are too few and scattered seriously to attack the Government forces, who are massing in formidable numbers. Two women attached to the Church of England Missionary Society, who reached Hankow from Yungchow June 25 report that the Government occupied Yungchow on June 23. Previously, the town had been in the hands of Kwangsi troops, but these immediately fled towards the border on the appearance of the Government men. The rival forces formed a striking contrast, they said. Ill-equipped and ragged, Kwangsi's soldiers, most of them mere striplings, were obviously no match for their opponents, whose discipline and general conduct were impressive. During their occupation of Yungchow Kwangsi students made speeches in the schools which were of strong anti-Japanese sentiment, but they emphatically declared that "Chinese troops will never fight Chinese troops." There are three British missionaries at present at Yungchow:—Bishop P. Stevens, of the Church Missionary Society, and the Rev. A. G. Leigh and Dr. T. W. Outerbridge, of the Methodist Missionary Society; one American at Hengchow, Dr. R. A. Broady, of the American Presbyterian Mission, and one American at Chenchow, Dr. J. A. Stringham, of the same society.

Interviewed June 26 at Changsha, General Ho Chien, chairman of Hunan, is stated to have pointed out, "somewhat hesitantly," that there should be no hostilities in Hunan, but he admitted that both forces were taking precautionary measures. The Southerners, he said, had evacuated Hunan. It was his intention, he added, to obey instructions from Nanking. He also undertook to accept responsibility for the safety of foreigners in his province. Changsha sources forecast that hostilities will break out after July 10, the date set for the opening of the 2nd plenary session of the Central Executive and Supervisory committees.

Measures for the defense of the Wuhan cities in the event of civil war breaking out are now being considered by the military authorities there. The Chief of Staff of the Hankow garrison recently conferred with leaders of public bodies and officials of the power and water company as to the feasibility of controlling the cities' lights by main switches in the event of air raids and other eventualities.

SOUTHWEST DELEGATES TO ATTEND C.E.C. SESSION TO PRESENT DEMANDS

Seven Kwangtung and Kwangsi members of the Central Executive Committee of the Kuomintang will, *Reuter* reported June 29, attend the second plenary session of the C.E.C. in Nanking on July 10. They are stated to be Huang Lin-shu, Tsui Kwang-shu, Ching Yin-ming. The Southwest delegates, will depart for Nanking by airplane on July 8. Authoritative quarters, however, declare that they may first stop at Shanghai, and may not continue to Nanking if the Southwest's demand for the inclusion of five demands in the C.E.C. agenda is rejected by the Central authorities. The demands are—

1.—Immediate severance of relations with Japan.

2.—Abrogation of all "humiliating" Sino-Japanese agreements.

3.—The use of armed forces to prevent an increase in the Japanese forces in North China.

4.—Restoration of the freedom of speech and the liberties of the people and

5.—That the Central Government take the initiative and lead the country into war.

Fear that "Japan will surely take North China, eventually the Yangtse Valley and then South China if the Central Government continues to tolerate the increase in Japanese troops in North China" was expressed in a telegram despatched June 26 to Nanking by the Liang-Kwang authorities. The message declared that the increase in Japanese troops in North China violates the Sino-Japanese treaty of 1901, urged the Central Government to order a general mobilization "resist the invaders."

A plan for the restoration of the 19th Route Army for the purpose of strengthening the South-west forces is reported to be materialising, according to *Reuter*. General Chiang Kwang-nai, former commander of the army, has had several conferences on the subject with General Chen Chi-tang, of Kwangtung, and General Li Tsung-jen, of Kwangsi. The first step, it is understood, will be to organise three divisions each comprising four regiments.

The most important factor in the situation at the present time seems to be the definite decision to send South-west delegates to attend the forthcoming plenary session of the Central Executive and Central Supervisory committees at Nanking. Meanwhile an atmosphere of calmness prevails. The general feeling is that civil war is very unlikely, and that the present state of affairs—an armed neutrality—might continue for some time.

REAL MOTIVE BEHIND KWANGSI'S ACTION SAID TO REGAIN OPIUM TAX

The real motive behind Kwangsi's agitation against the Central Government is to obtain the $20,000,000 annually in opium tax, according to a *Reuter* dispatch from Nanking June 30. Generals Li Tsung-jen and Pai Chung-hsi have recently repeatedly sent petitions to Nanking asking that Kweichow be placed under the control of Kwangsi. The dispatch of Kwangsi troops into southern Hunan and the agitation of Kwangsi leaders for resistance against "external aggression" are solely intended as a means of applying pressure on the Central Government to enable Kwangsi to control opium tax and revive the opium trade in Kweichow.

The currency situation in Kwangtung is still in a state of chaos, according to reports from the South. The high officials of the Provincial Bank of Kwangtung met June 27 to discuss the monetary question, but no solution of the crisis is yet in sight. Dr. Lo Wen-kan, who directs the foreign policy of the Southwest has arrived in the Hongkong allegedly on "an important mission." However mystery shrouds the movement of Dr. Lo as he has not as yet returned to Canton.

General Li Tsung-jen, Commander-in-Chief of the Kwangsi forces, now in Canton, will fly back to Nanning on July 1 to take up his new office as Commander-in-Chief of the Fourth Army Corps.

Censorship is being strictly enforced in Canton, Starting June 27 all news agencies in that city have been banned from publishing military news.

Kwangtung is reported to be in bad financial straits as a result of the increase in military expenses. A circular order has been issued by Ou Fang-pu, Provincial Commissioner of Finance, to the various District Governments to hasten the remittance of collections from the taxes and Farm Tax in arrears in order to meet requirements.

KAWAI FILES THIRD PROTEST AGAINST ANTI-JAPONISM IN CANTON

Acting on instructions from Hachiro Arita, Foreign Minister, Tatsuo Kawai, Consul-General in Canton, filed a third protest June 29 against anti-Nipponese activities in Kwangtung, according to a *Domei* report. The memorandum urged Gen. Chen Chi-tang, Commander-in-Chief of the Anti-Japanese National Salvation Army, to put a curb on the agitation directed against Japan. Gen. Chen has reportedly rejected Mr. Kawai's second protest on the ground that he could not control a movement giving expression to a popular sentiment. Kwangtung and Kwangsi, he has reportedly added, have risen in arms to resist Japanese "aggression," and especially the increase in the Japanese garrison in North China. The third protest, Gaimusho officials intimated, was made with the understanding of the War Office and was designed to enable Gen. Chen to reconsider his stand.

Inability to control the anti-Japanese movement in Kwangtung is stated by the vernacular press to have been expressed by Gen. Chen Chi-tang in his reply to the second protest lodged by Tatsuo Kawai, the Japanese Consul-General there. Gen. Chen expressed regret that he was not able to control the anti-Japanese movement, which, he added, had been sponsored by the masses and which Japanese aggression had rendered so widespread and intensive that it was now impossible to subdue.

Major Imai, Japanese military Attache in Peiping, denied June 26 in an interview with Chinese pressmen that there were any Japanese military advisers in the Kwangsi army. Major Imai also denied that the Japanese troops in North China had been increased during the last few days.

More than 20 Japanese warships are staging a series of manoeuvres off the Kwangtung-Fukien coast, according to *Lih Pao* June 27. The presence of this large number of Japanese warships in South China at the present time is causing serious anxiety to the Southwest leaders.

The Japanese authorities are planning to occupy the Nanoutao (islands) at the border of Fuken and Kwangtung as their bases of naval operations, reported *Shun Pao* June 26.

PUNITIVE EXPEDITION AGAINST SOUTHWEST URGED BY ALL QUARTERS

One of the first telegrams to reach Nanking urging the launching of a punitive expedition against the Liang-Kwang military leaders has been received from Kwangtung by the Central Kuomintang Headquarters. With the signature of the National Salvation Comrades Association for the various municipalities and districts of Kwangtung, the wire says that it represents the views of the 30 million Kwangtung people and urges the Central Government to immediately order the "rebellious" generals to relinquish their posts as an expression of regreat for the wrong deed they have committeed.

The National Salvation Association, recently organized by the people in Kwangsi, has issued a circular telegram to the nation appealing for internal peace and national co-operation. The telegram points out that the people have realized that the military movements made by the Liang-Kwang commanders was not intended as against Japan as widely publicized but really against the Central Government.

A warning that the Liang-Kwang provinces may follow the fate of the lost Northeastern Provinces was sounded to Generals Chen Chi-tang, Li Tsung-jen and Pai Chung-hsi in a telegram jointly dispatched on June 26 by a group of military leaders in Nanking headed by General Ho Ying-chin, Minister of War. The Liang-Kwang army commanders, in the telegram, are urged to consider the present critical conditions confronting the country as a whole. The time for an action to which the Southwest militarists have professed, it is pointed out, has not come as there are many among those at the head of the army who do not obey the orders of the Central Government and there has not been a centralized command as there should be over the country's huge army. If the Southwest should continue with their action under the pretense of anti-Japanes expedition, ridiculing all the appeals and persuasions of the Central Government and people, the telegram says, there is no knowing that what has befallen the Three Eastern Provinces may not become the fate of the Liang-Kwang provinces even before the Liang-Kwang troops have marched into North China.

An appeal to the Liang-Kwang authorities to cease all military activities has been sent to Gens. Chen Chi-tang, Li Tsung-jen and Pai Tsung-hsi by overseas Chinese communities in Gensan, Korea, according to reports received at Nanking from Korea.

That effective measures be adopted to stop the arbitrary military movements of the Kwangtung and Kwangsi Provincial Forces, is urged by the Shanghai City Chamber of Commerce, in a petition to the Central authorities.

A strongly-worded leading article in the issue of the official *Central Daily News* June 25 under the caption "Refuting So-Called Civil War," was causing much comment in the Capital. Following up a previous article, in which the Liang-Kwang's "open rebellion" was denounced, the journal says the public is making a serious blunder in referring to possible fighting as "civil war," for, in so doing, it recognizes the Liang-Kwang authorities as an independent government and places the Central Government and a few Southwestern military men on the same footing. If necessary, the *Central Naily News* continues, the Government will launch a punitive expedition to enforce discipline and put down rebellion.

The semi-official Japanese *Domei* agency circulated from Canton on June 28 and 29 respectively two dispatches, quoting Hsiao Fu-cheng, Chairman of the Southwest Political Council, and the graduates of the Whampoa Military Academy now serving in the Southwest forces, as having issued statements, denouncing General Chiang Kai-shek.

To show his loyalty to Nanking, Gen. Lung Yun, Chairman of Yunnan, has sent his eldest son to the Capital by air, according to a *Domei* report June 29. The same report said that Gen. Lung, addressing a student meeting on June 25, strongly attacked the Southwestern faction for its challenge to the Central Government and pledged his support to the latter.

NANKING SHOULD ALLOW SOUTHWEST TO FIGHT JAPANESE

Ironic remarks were made in an editorial of the *Shanghai Nippo* June 24 regarding the so-called Anti-Japanese campaign launched by the Southwestern leaders. The journal says :—"It is our opinion that the Nanking authorities should comply with the Southwest demand by permitting them to lead a battle against the Japanese royal army in the North. Nanking will be fully justified in launching a punitive drive against the Southwestern leaders, if the latter fail to do what they have demanded."

BURIAL OF HU HAN-MIN TO TAKE PLACE JUNE 13 IN CANTON

The State Burial for the late Hu Han-min, Chairman of the Standing Committee of the C.E.C., will be held at Canton on July 13. Hsiao Fu-cheng, member of the C.S.C., has telegraphed to Sun Fo, President of the Legislative Yuan ; Hsu Chung-chih, Vice-President of the Control Yuan ; and Yeh Chu-tsang, Secretary-General of the Standing Committee of the C.S.C., inviting them to come to Canton to attend the State Burial of the deceased Party leader.

FRESH SINO-JAPANESE INCIDENTS ARISE IN NORTH CHINA

An incident occurred June 26 at Fengtai, near Peiping, which might have repercussions on Sino-Japanese relations in North China, reported *Reuter* June 27. The Chinese version of the affair is that some Chinese cavalry horses strayed into premises the Japanese recently took over for barracks, and that four Japanese soldiers, on duty there, refused to hand them over. The Chinese military authorities, it is stated, thereupon sent a captain with a squad of men to seize the horses. This was done. A Japanese officer was sent from Peiping to investigate the matter. He visited the Chinese military headquarters and protested against Chinese troops entering Japanese premises which, he said, constituted an "insult to the Japanese nation." Major Imai, the Japanese Military Attache, has lodged a protest concerning the affair with the Foreign Relations Commission of the Hopei and Chahar Political Council. The Japanese allegation that the officer who visited Fengtai to investigate the incident was taken prisoner by the Chinese military is flatly denied by authoritative Chinese sources in Peiping.

Yet another Sino-Japanese incident is reported to have occurred at Fengtai, south of Peiping. Japanese sources state that a Japanese and a Korean visiting Fengtai June 28 were set upon by some soldiers belonging to General Sung Cheh-yuan's 29th Army. The Japanese, it is alleged, was manhandled, and was held prisoner for a considerable time, while the Korean escaped. The Japanese authorities will lodge a protest with General Sung Cheh-yuan and will also demand redress.

The Chinese authorities are not taking a serious view of the incident which occurred at Fengtai, on June 28. They attribute the trouble to the Korean, an alleged drug-dealer, who, they say, "invaded" the house of a Chinese and attempted to oust the occupant with the assistance of a Japanese soldier. Two Chinese soldiers, according to the Chinese version, happened to be on the premises and when they tried to intervene a fracas ensued. The Chinese authorities have despatched three officials to Fengtai to investigate the incident.

Tozo Shimizu, first secretary-interpreter of the Japanese Embassy, called at the offices of the foreign affairs commission of the Hopei-Chahar Political Council June 30 to remonstrate against the alleged assault by Chinese soldiers of Zenkichi Akamatsu, a Japanese merchant, on the grounds that the action violated Nipponese extarterritorial rights. Major Takeo Imai, Japanese assistant military attache, announced that he would take up the issue formally with Chen Chueh-sheng, acting chairman of the foreign affairs commission of the Council.

Major-Gen. Seiichi Kita, Military attache to the Japanese Embassy, left Shanghai June 29 for Tientsin. He was accom-

(*Continued on page 181*)

Has Germany Signed a Secret "Barter Agreement" with China?—National Government Spokesman Denies

A *Central News Agency* telegram from Nanking June 20 stated that a Government spokesman vigorously denied the report that had been circulated by the Japanese *Domei News Agency* alleging that the Chinese Government have concluded a secret "barter" agreement with Germany which provides for the exchange of Chinese oil and fats for German armaments.

The only barter agreement China concluded with Germany, stated the spokesman, was one signed two years ago in 1934. But this arrangement only provide for the exchange of Chinese raw materials for Germa machinery in order to help China to build up he industries. The spokesman was also quoted a declaring that when this agreement was signed, no stipulation was made as to the extent German manufacture goods will be taken by China, as this was dependen upon the amount of raw materials China would be ab to supply Germany with.

The story of the negotiations to arrange details of a huge Sino-German "barter" trade agreement, secretly signed in Berlin in mid-May, was told by *Domei* as follows: The negotiations under way in Nanking are being conducted by General W. von Reichenau, commander of the Seventh Army Corps of the Reichswehr and personal representative of General W. Von Blomberg, Reichswehr minister, and Harr Hans Klein, representative of the Handels und Produktiven Gesellschaft, German trading firm, generally known as Hapro. Both arrived in Shanghai from Europe on the *Conte Verde* on June 22, and after staying overnight at the Park Hotel proceeded to the capital, where Herr Klein is staying with friends.

The agreement, *Domei* stated, is designed to provide Germany with raw materials, especially fats, which she needs acutely, for German heavy armaments and electrical and textile machinery.

The conclusion of the agreement in Berlin was admitted by Lieutenan-Colonel Hermann Kriebel, consul-general for Germany, in an exclusive interview, *Domei* said. Lieutenant-Colonel Kriebel stated the details of the accord are being strictly guarded and he did not know much about them, but it could be truthfully described as a barter agreement.

Under the terms of the agreement, according to *Domei*, China will provide Germany with wolfram, tung oil, peanuts and other raw materials over a period of from four to six years. Germany, in exchange, will set up immediately a credit not to exceed $100,000,000, this amount to be used for the purchase of German manufactured products, especially heavy armaments and electrical machinery. Details as to the nature, price, amount of the goods to be supplied and the means of transportation are to be settled in the negotiations now in progress in Nanking.

The accord was initialled in Berlin by the director of the Economic Department of the Reichswehr Ministry, representing General von Vlomberg, and by Mr. Klein on behalf of Germany. Tang Fa-pu, son of the late General Tan Yen-kai, Kuomintang revolutionary hero, representing Generalissimo Chiang Kai-shek, president of the Executive Yuan, and Cheng Tien-fang, Chinese ambassador to Germany, initialled the agreement for China.

Japan Shows Concern

"Japan cannot but be concerned with this report in view of the fact that the alleged agreement provides for a long term credit for the purchase of large quantities of armaments," a spokesman for the Japanese Embassy commented. "We have been informed that Germany has been supplying the Southwest with armaments. Now, if the report is true, she will be providing Nanking with them. This will only promote internal warfare in China. Japan, which has important political and economic interests in China, cannot regard with equanimity such a possible increase of elements tending to disturb the internal peace of China," the added.

General Von Seeckt, (right) Chief of German military advisers in China—Recent picture taken in Berlin on the occasion of Gen. Von Seeckt's return to Germany. On the left is Field Marshal Von Blomberg. The picture taken on Gen. Von Seeckt's 70th birthday is reproduced from the May 24 *Chicago Tribune*.

Six German bombers were landed in Canton in the middle of this month for use by the Kwangtung forces, according to non-Japanese sources.

A Tokyo Foreign Office spokesman commented: "Under the terms of the Versailles treaty, Germany cannot sell armaments abroad. As a signatory to the treaty, Japan will naturally enter a protest should our enquiries show that Germany is selling munitions to China."

Three Large Conservancy Projects Brought to Completion

Three large conservancy and food-prevention projects, one along the Yellow River in Honan and the other along the Yungting River in Hopei, have just been completed. They involved a total outlay of $800,000 and were formally taken over by the National Economic Council this week. The first of these works is in the vicinity of Lanfeng to the east of Kaifeng, Honan, where the new embankment is intended to prevent the waterway from re-entering the deserted course.

Definite measures for flood prevention along the Grand Canal, in northern Kiangsu and on the Shantung and Anhwei borders, were decided upon at a meeting of conservancy officials and experts held in Chinkiang, June 17 under the auspices of the Kiangsu Provincial Department of Reconstruction.

Another remittance of $100,000 was made June 16 by the National Economic Council to the Hupeh Provincial Government for conservancy work on the Han River in northern Hupeh. Of the total grant of $600,000 allotted by the N. E. C., $200,000 had previously been remitted. The balance of $300,000 will be remitted later.

In accordance with instructions from the National Economic Council, plans are being made by the Chekiang Provincial Department of Reconstruction to cut a canal in eastern Chekiang to link the Yung River with the Grand Canal. The canal will run from Ningpo to Hsishing via Yuyao. Five water sluices will also be built along the new canal at Hsishing, Tsaokiang and Yaokiang and other important points, to regulate the current.

Shao Li-tze, Chairman of the Shensi Provincial Government, wired to General Chiang Kai-shek last week, asking for funds to relieve the famine-stricken people in northern Shensi.

Domestic Political Background of Canton-Kwangsi Faction's Crisis with Nanking

BY THE REVIEW'S CANTON CORRESPONDENT

WHEN rumors of war were first started in Canton and Shanghai many competent observers pointed out that the real situation in the South was not so serious as the Japanese newspapers and press correspondents imagined. The many reports of minor clashes between the Nanking and Canton troops in southern Hunan were deliberately manufactured with the hope of aggravating an already delicate situation. To the Southerners the Japanese propagandists told the story that the Nanking Government had concluded new treaties with the Japanese giving more territorial concessions in North China to the Japanese, for which Nanking would receive certain return of loan credits. To the northerners and Nanking responsible officials the Japanese circulated the lies that the Liang Kwang Governments had secretly solicited Japanese military support to overthrow the present regime in Nanking. Japanese propagandists further pointed out that the Southern Government had purchased arms from Japan and that Kwangsi had engaged the services of Japanese military advisers.

But repeated denials by the Southwest's foremost military commanders such as General Chen Chi-tang, Li Tsung-jen and Pai Tsung-hsi since June 14 that they entertained no ulterior motives apart from directing an anti-Japanese and patriotic movement have brought considerable assurance to the perturbed populace in Canton. But apart from the leading commanders, there are many others within the rank and file of the Kwangsi and Kwangtung armies who are equally determined that there should be peace within this country. In other words they want unification first and war against Japan next.

Of those who favor peace, the opinion of General Yu Han-mou (head of the First Kwangtung Army) is also much respected by the Canton Commander-in-chief. Because of the long period during which time his troops were stationed in southern Kiangsi within close proximity to the Central Government troops General Yu Han-mou has been on friendly terms with the subordinates under Chiang Kai-shek in Kiangsi. In addition to this he also married the sister of one of Chiang Kai-shek's chief lieutenants, which has also been a factor in maintaining peaceful relations between the Nanking and Cantonese forces in southern Kiangsi.

Canton has only three standing armies. Its Third Army Commander, General Li Yang-chin, for some years the head of the East River Garrison, is another which strongly favors peace at any cost. The Chief-of-Staff of the Cantonese Army, General Miao Pei-nan, is another of Chen Chi-tang's closest of military advisers and he also showed a strong desire to the see the early realization of unification between the South and Nanking. Since the beginning of this month these three commanders have all pleaded "indisposition" as a reason for not participating in most of the conferences, etc.

With or Without the Party

Another important point which has been keenly mooted among Canton's politicians and militarists since the organization of an expedition to Hunan was made known was whether this patriotically spontaneous movement should be opened to all political parties in China apart from the Kuomintang. Although the first official proclamation of this movement was made known to the world on June 8, the momentous decision was made by the highest Canton leaders on June 4, at a conference at the private residence of General Chen Chi-tang.

Participating at this conference in addition to Army commanders and politicans of Kwangtung and Kwangsi, were certain "important representatives of other South-west Provinces." At this conference General Pai Tsung-hsi was the most vehement of all speakers demanding that the Southwest should organize an expedition to save North China. To have a strong political facade for this movement Pai Tsung-hsi proposed that all political parties, with the exception of the Chinese Communists should be included in this movement of the people for the salvation of China. The Kwangsi advocate further suggested that the people and students should be given a free hand in organization of public meetings, street demonstrations and anti-Japanese boycotts in order that patriots all over the country may be awakened from their slumber. Pai Tsung-hsi further pointed out that the phenomenal success of the Kuomintang northern expedition in 1925-1926 resulting in Chiang Kai-shek's capture of Shanghai and Nanking was also due to the support of public sentiment all over the country, which, therefore, must be aroused for the second time.

But Kwangsi's suggestion met with strong opposition from General Chen Chi-tang and his two closest followers, Lin Yick-chung (Civil Affairs Commissioner of Kwangtung) and the Canton Mayor Liu Chi-wen.

JAPANESE PROTESTED THIS CANTON MEETING

When more than 150,000, claimed to be the largest massmeeting ever staged in China, demonstrated against Japan and demanded that the Nanking Government take the lead in driving the Japanese out of China and recovering lost territories. Following the massmeeting there was a parade, entirely peaceful and orderly, but serious in its purpose to stir up the people to the seriousness of the Japanese menace. In the parade were several thousand farmers carrying primitive farming implements.

The two civilian lieutenants of Chen Chi-tang pointed out that much as the Southwest might differ with the Nanking Foreign Affairs Ministry over China's policy vis-a-vis Japan the Kuomintang should remain in supreme control of all political affairs. The prestige of the Kuomintang might be harmed by the inclusion of all other political parties to the administration of the Government. After a long deliberation the Mayor's opinion prevailed and the meeting decided that only leaders of other political parties, other than the Communists, could join the Southwest anti-Japanese Salvation movement, but in so doing they joined as private individuals and not as representatives of their parties. It was subsequently pointed out that this resolution carried with it important and far-reaching consequences as it had prevented the 19th Route Army former officers and other political parties from joining, openly in this movement.

Retreat Swiftly Follows Mobilization

Another aspect of the Southwest situation which has puzzled most obsevers was the sudden mobilization of the Kwangtung and Kwangsi forces for Hunan and their equally abrupt retreat back to their own territories within the period of one week. When the Southwest Political Council passed the resolution to send the Anti-Japanese National Salvation expedition to Hunan General Pai Tsung-hsi made a hurried departure from Canton and on his return to Kwangsi he mobolised his troops at Kweilin, Liuchow

and Chuenchow, entering Hungkiao and Kiyang near Hengchow in southern Hunan after a march of three days. There Pai Tsung-hsi learned that the Cantonese rear-guards had only moved up to Chenchow, which is fully eighty miles south of Hengchow and near the Kwangtung border.

While the Kwangsi troops were about to enter Hengchow they were alarmed by the telegraphic reports from Nanking that if they should attack Hengchow (the first line of defense of General Ho Chien) such action would be regarded by the Central Government as a revolt against the Central Government. Meanwhile the more conservative officials in Canton were clamoring for a settlement of all political differences with the Central Government at the Second Plenary Session of the Kuomintang Central Executive Committee on July 10.

When the Kwangsi forces were informed of the new developments they retreated from places near Hengchow, Hungkiao and finally Kiyang, which was also abandoned subsequently, when Chiang Kai-shek demanded the Kwangsi troops to go back to their own ground within one week, failing which hostilities would be opened against them immediately. To the ardent fighters of Kwangsi the experience they suffered in southern Hunan when the Cantonese forces failed to arrive at Hengchow on the appointed day June 15,—must have been a big disappointment, although it is learned that they suffered the loss of not even one man in the retreat. Kwangsi officials emphatically deny that any fighting had occurred with the Central Government troops.

A Comparison of Strength

But how narrowly the Central Government forces had avoided a major clash with the Southerners near Hengchow must have been perceived by Chiang Kai-shek. The latter is taking no chances as the peace parley on July 10 may turn out to be unsuccessful. Therefore, he is moving no less than forty divisions, approximately 200,000 men, into Hunan. Most significant of all is his mobilization of his picked divisions *i. e.* the First, Second and Third Nationalist Divisions. Reputed as China's best equipped and most scientifically trained divisions, the First, Second and Third Nationalist Divisions were contingents trained personally by Chiang Kai-shek. The First Division under General Hu Tsung-nan and the Second Division under General Huang Chieh are said to be on their way to Hunan heading for Changsha.

The organization and equipment of these three divisions are quite different from the organization system of other Chinese armies. Each of these three divisions has a total of 20,000 men, which in numerical strength exceeds even a whole army of the Cantonese troops. In Kwangtung and most other provinces a division consists of only 8,000 men. To give soldiers of his three picked divisions the best training Chiang Kai-shek has sent them to Kansu and Shensi. If all these three picked divisions of Chiang Kai-shek were sent to Hunan it would mean that their numerical strength would compare favorably with the three main armies of General Chen Chi-tang, each Canton Army having two divisions and each division a total of 8,000 men.

Of Chiang Kai-shek's three picked divisions it is said that these troops were trained with a view to using them for war purposes against China's foreign aggressors, which is the reason why they were sent to hardy regions such as Kansu and Shensi for extensive drilling and campign.

But the fact that Chiang Kai-shek is sending these picked divisions southward also shows that he is not underestimating the military strength of the Kwangtung and Kwangsi group. In addition Chiang Kai-shek can also mobilize his troops in Fukien, Kweichow, Yunnan, Kiangsi and Szechuen, all of which are near the borders of Kwangtung and Kwangsi.

It is officially estimated that Kweichow has a standing fighting force of 24,200 men, Yunnan, 23,650 men and Szechuen 369,000 men, although in this latter province the Central Government is still much concerned over the bandit situation. In Fukien most of the Nanking forces are those under General Chang Fah-kwei, the man who controlled Canton City for a few months in 1927. As Chang Fah-kwei's forces are spread between Fukien and Kiangsi engaged in anti-bandit suppression their exact number is hard to estimate.

As regards Kwangtung, General Chen Chi-tang has three main armies, each with two divisions, a division having 8,000 men. They are: First Army (commanded by General Yu Han-mou) with headquarters in Kanchow in southern Kiangsi; the Second Army (commanded by Chen Chi-tang himself) with its headquarters in Canton City and the Third Army (commanded by General Li Yang-chin) with headquarters in Changming. The First Army has under it the First and Second Kwangtung Divisions, the Second Army the Fourth and Fifth Divisions and the Third Army the Seventh and Eighth Divisions. In addition to these three armies, Kwangtung has many independent brigades and regiments. The total fighting force is estimated at nearly 119,200 men under arms.

Kwangsi has a large standing militia and thousands of army-trained civilian volunteers, conscription being now in force in this province. Kwangsi has the Seventh Army (commanded by Liao Nei) with Nanning as its headquarters, the Eighth Army (commanded by Li Ping-hsien) and the 15th Army under General Pai Taung-hsi with headquarters at Wuchow. For the present expedition to Hunan the Seventh and 15th armies have been mobilized. Kwangsi's regular army is estimated at only 38,000 men, as that province is not self-sufficient.

So the total strength of the Two Kwangs is about 157,200 men under arms.

Canton, June 23, 1936.

I.P.R. Report Says Restrictions by U.S. Will Give Japan Impetus for Aggression in China

Restriction of Japanese imports into the United would imperial the position of American goods in the Japanese market, according to a report made by William W. Lockwood, Jr., for the American Council, Institute of Pacific Relations. Such action would also give Japan a further incentive for aggressive action in China, it was pointed out in Mr. Lockwood's report, a comprehensive analysis of Japanese-American trade and trade rivalry prepared for the Sixth International Conference of the Institute of Pacific Relations, to be held next August at Yosemite, California.

The report mentioned that spectacular increases in American imports of numerous Japanese competitive manufactures had occasioned widespread alarm in the United States, but taken together, their value is small, amounting to no more than 10% of total imports from Japan. The major change in the import trade since 1929 has been the great decline in the value of American silk purchases. This was one of the principal factors leading to deflation in the Japanese economy in the early years of the depression, which in turn stimulated Japan's export boom on the one hand, and her aggressive actions in Manchuria on the other.

"This latter development forces Japan increasingly to buy only where she is allowed to sell. It also stimulates her colonial ambitions. The unreceptiveness of the outside world to Japanese goods provokes a feeling of insecurity in Japan and offers an incentive and a rationale for empire-building. On the other hand, Japanese trade competition and imperialistic activity produce kindred feelings of suspicion and uneasiness in other countries, notably the United States. The danger of conflict in the Far East, if such danger exists, lies largely in the tinder of economic rivalries, many of which a dispassionate examination shows to be imaginary rather than real."

President of Nanking University Proceeds to U.S. to Attend I.P.R. Conference

Dr. Y. G. Chen, President of the University of Nanking departed for the United States June 28 to attend the Conference at the Institute of Pacific Relations to be held in California in August. He will also represent the University of Nanking at the Tercentenary Celebration at Harvard University in September. He will be in America about six months. During Dr. Chen's absence from China, the University will be under the direction of an Administration Committee, the members of which are as follows: Dean K. C. Liu, College of Arts; Dean H. R. Wei, College of Science; Dean, C. W. Chang, College of Agriculture and Forestry; Dr. S. F. Ko, Registrar; Djang Fang, Principal of the Middle School, and Miss Elsie Priest, Treasurer.

Yoshizawa to Attend Institute of Pacific Relations Conference

Kenkichi Yoshizawa, former Foreign Minister and a member of the House of Peers, will depart for the United States July 29 on the s.s. *Taiyo Maru* to attend the sixth plenary session of the Institute of Pacific Relations.

I.P.R. Conference to Be Held at Yosemite National Park, Aug. 16-29

The Institute of Pacific Relations conference this year will be held at the Yosemite National Park, California, from August 16 to 29. The round-table topics suggested for the conference include three days on Japanese expansion in world markets, two on China's economic and social reconstruction, two days on economic developments of the Soviet Union in the Far East, two days on the United States recovery program and a three-day discussion of the changing balance of political forces in the Pacific and the possibilities of a peaceful adjustment.

A group of Chinese delgates will leave Shanghai to attend the conference on the s.s. *President Coolidge* sailing July 14.

Sino-Latvian Treaty of Amity Signed at London

A treaty of Amity was signed between China and Latvia in London June 21. The Chinese and Latvian Governments were represented by their respective envoys in London, Messrs. Quo Tai-chi and Charles Zarine. Cordial telegrams were exchanged for the occasion between General Chang Chun, Chinese Minister of Foreign Affairs, and Mr. Ekis, acting Latvian Foreign Minister in Riga.

How Alien Intrigue Keeps the Political Pot Boiling

BY C. Y. W. MENG (孟昌泳)

GENERAL Nagami, Chief-of-Staff of the Japanese Forces in North China, recently disclosed an interesting account of Japanese intrigue in Chinese domestic politics which the Japanese army planned and executed about 10 years ago. The Japanese General was quoted (*Ta Mei Wan Pao*) as declaring:

"Had the Kuomintang and the Chinese Communist Party not split in 1925-27, the Chinese Revolution would have accomplished something at that time. The imperialists would have lost all their influence in China, particularly the Japanese who would have been heavy sufferers. Therefore the Japanese War Office despatched me (General Nagami) and General Matsumuro to China to 'play-off' the Kuomintang and the Chinese Communist Parties and cause them to split. We succeeded, hence imperialist influence in China was not lost and since has increased day by day. China, in consequence, has step by step been brought nearer to the status of a colony."

Through sending of "peace envoys," one after another; exchange of "autographic letters" by the leaders; and later, the "mediation" of Dr. Wang Chung-hui, Nanking and Canton were being brought quite close to each other. This was evidenced by the attendance at the Kuomintang Congress in Nanking of the Southern leaders, such as Chow Lu, Liu Lu-yin, Hsu Chung-chi, etc., who had never attended any of these meetings before. All these delegates from the South-West were leaders of the Opposition, but they were all given posts in the Government or Party. Though we could not say definitely that Nanking and Canton were in accord, we were nevertheless justified in concluding that there would be no further open split between them.

"The Intrigue"

But here entered the Japanese intrigue. By despatching additional troops to North China; and by formulating "new 21 Demands" to China, Japan meant, of course, to renew and intensify her aggression in China, on one hand; but there was another axe to grind, viz., to cause a split between Nanking and Canton. Japan realized well that Nanking policy is essentially a "realist policy" or a policy of "in order to resist the aggression from outside, we must first pacify the condition within." But Canton policy is one of "positive resistance" against the foreign aggression. Japan realized well that there is ample room for the Japanese professional plotters to take advantage of the difference between the two policies. Japan realized equally well that the despatch of more troops to North China to start military action which involved the loss of Peiping and Tientsin and the whole of Inner Mongolia to China, was bound to produce repercussions and to arouse bitter opposition from the South-West, thus leading to a clash between the Nanking "realist policy" Canton "resistance policy." However, may be another 10 years later, some Japanese officials who play the "trick" upon China today will likewise reveal the secret story and tell us more about it, just as Gen. Nagami did.

History Repeats Itself

Sino-Japanese history is full of instances of Japanese meddling in Chinese politics, and taking steps to prevent the national unification of China. Particularly, whenever there is a brighter aspect of achieving national unity, the Islanders always come, interrupt our good efforts, either by "playing-off" the Chinese leaders against each other; or by means of aggression. When the Northern Expeditionary Forces, under the commander of General Chiang Kai-shek, were marching successfully northward toward Peking (now Peiping), the Japanese interfered, resulting in what is now known as the "Tsinan Tragedy of May 3."

Japanese "Intrigue" at Work

That the Japanese intrigue is at present at work to split Nanking and Canton can be seen by the following reports:

On June 21, *Domei* reported: "General Chiang Kai-shek telegraphed Generals Li Tsung-jen and Pai Chung-hsi, Kwangsi leaders, demanding the withdrawal from southern Hunan of all Kwangsi troops within one week." *Domei* stated that the message was worded in "vigorous terms," and accompanied by "threat to use force," etc. But on June 22, *Reuter* reported: "The report that the Central Government has presented an ultimatum to the Kwangsi leaders demanding the withdrawal of the Kwangsi forces from Hunan within a week is denied in official circles here (Nanking). It is stated that no demand of this nature has been made on the South-West by Nanking".

On June 22, *Domei* reported: "The establishment of an independent Military Affairs Commission was formally announced here (Canton) at 9 o'clock this morning (June 22)." But *Reuter* reported on the same date: "The report that an independent Military Affairs Commission had been established is denied."

On June 19, *Domei* reported that Mr. Suma, Japanese Consul-general in Nanking, presented a "stern warning" to the Ministry of Foreign Affairs, charging the National Government with "engaging in malicious propaganda falsely accusing Japan of fostering subversive activities in China." But on June 23, a spokesman from the Ministry of Foreign Affairs, stated that Mr. Suma did call on the Ministry of Foreign Affairs on June 19, but denied that there was any "warning" at all.

All this alarming news was disseminated by *Domei*, but none of it was true. In any country in the world, when a news agency violates all journalistic ethics, abuses the privileges which it enjoys, and engages in malicious propaganda to cause internal unrest it is closed and sealed up at once. We urge Nanking to take the same action in this case.

Have Nanking and Canton Fallen into the Japanese Trap?

But what is of great concern as well as disappointment is that Nanking and Canton have again shown signs of playing into the hands of Japanese plotters. Since the despatch of the telegram demanding "war" with Japan by the South-West, we have followed events very closely, and have found out that neither Nanking nor Canton is aware of the Japanese intrigue. Every day, we read in the Chinese papers about the employment of "Japanese advisers" by the Kwangsi leaders; of the purchase of ammunition from Japan amounting to 10 or more million dollars; the dispatch of so-and-so to Japan and Changchun (capital of Manchukuo), etc. It is strange to note that when such reports as the establishment of an independent "military affairs commission" in Canton, are circulated by the Japanese News Agency, the Chinese papers give full credence to them, and some papers in Nanking, under big headings, published this news without any reservation. But when the "denials" are issued on the next day by the other news agency none of them is published. While the *Reuter* report dated June 22 from Canton stated: " . . . . the Kwangsi government, it is learned from reliable sources, has dispensed with the service of all Japanese military advisers, and it is understood that not a single Japanese official is to be found in any part of Kwangsi," the current rumors of the alleged connection between the South-West and Japan also drew a flat denial from Major-General Seiichi Kita, Japanese military attache to China, in his interview with leading members of the Nanking administration. (See *North China Daily News*, June 16).

Every day, we read the "telegrams" from individuals and "Tangpu" in many places expressing their opposition to the outbreak of civil war; condemning Kwangtung and Kwangsi of "starting the civil war," and urging the Central Government "to enforce discipline in the army," etc. We also hear often that so-and-so, "important men" in the government, will be sent to the South-West to settle the issue, etc. But so far, not one of them has gone to Canton to have a face-to-face and heart-to-heart talk with the leaders in the South-West. Indeed, there is every sign that China is again "playing into the hands of Japanese plotters!"

These tactics of discrediting one another is probably one of the characteristics of the Chinese politicians in playing politics. When General Feng Yu-hsiang, now the vice-chairman of the Military Affairs Commission in Nanking, organized the "Anti-Japanese Alliance Army" in Chahar, which was responsible for the recapture of Donolor, we read also the same news that General Feng was being "utilized by the Japanese" etc.

Personally, we do not think any good will come from Chinese politicians resorting to such tactics, particularly, in the present Nanking-Canton issue. Such tactics are quite contrary to the Nanking's spirit and efforts of doing what it can to avoid civil war.

North China Will Be Lost in Three Days!

Reports from the well informed circles in North, state that "the whole of North China will fall into the hands of the Japanese in three days, should civil war break out!"

Statesmanship Wanted

This is not the time for Nanking and Canton to condemn each other, and to go on with a "battle of telegrams," which is sure to be followed by armed conflict. It is a time when rationalism, but not sentimentalism; statesmanship, but not opportunism; national interest, but not local or personal interest, should be placed above everything. The present anti-Japanese movement and 100,000-people-demonstration in Canton come as no surprise to us, and are only the natural outcome of years of Japanese aggression in China, causing the masses lose their patience, burst into wrath, jump to their feet, and take up arms to fight the invaders, without awaiting orders from the government. The present political uprising in the South-West is also the natural outcome of the many defeats of the present Chinese political system.

Good statesmanship demands that we should abandon the policy of "in order to resist the aggression from outside, we must first pacify the condition within," and change it into "in order to pacify the condition within, we must first resist the aggression from outside." The Chinese politicians should be able to bring about peaceful settlement. We do not see that there is any insurmountable difficulty ahead, if both sides will drop their tactics of discrediting each other and instead assume a more statesmanlike way of playing politics.

Nanking, June 27, 1936.

"Employ Koreans to Teach Us to Become Good Slaves of Japan"*

BY T. S. YOUNG

FROM a freeman to a slave is a change too painful to be contemplated. Of course, no human beings are willing to be slaves, but circumstances sometimes have compelled them to become such willy-nilly. There are people who have been driven to be slaves because of their destitution. There are also people who have degenerated into slaves when their country has been annexed by a strong power. It is the latter kind which is the most distressful of the two. In the past half century many kingdoms have perished from this earth, and their subjects have been reduced to slaves, oppressed and persecuted by their conquerors.

Look at the Koreans. What a horrible fate has befallen them since their country was annexed by Japan at the beginning of this century! Written words are inadequate to portray the sufferings of the Koreans at the hands of their conquerors. Arms of persecution have been so long that no Koreans living even in distant foreign lands can find their minds completely at ease without the fear of their lives being constantly in danger. Right here in Shanghai, the Koreans living in the International Settlement and French Concession have been frequently arrested at the instance of the Japanese Consular Police, and extradited and deported in such a way that the fate of the prisoners has never been known to the outside world.

Mrs. Harriet Beecher Stowe in her famous book, "Uncle Tom's Cabin" gave us some idea as to what is the common lot of a slave. Any one who has gone through that book can not leave it without receiving some painful impressions. Under the whips of their hard-hearted overseers, the slaves have to toil day and night like human animals, and at the caprice of their avaricious masters, they are bought and sold as commodities. They can claim no home of their own, no protection from any government, and no place in the society. Wives are forced to separate from their husbands, and children are auctioned off under the very eyes of their parents. Marriage tie and parental love are nothing in the eyes of their masters, whose greediness and avarice have driven away from their hearts all kind human feelings.

Chinese Wish to Remain Free Men

Who is willing voluntarily to become a slave? Our present freedom may be very limited and our rights may be very few, but we are still free men—free from the yoke of an alien rule. Our Government may be shot through with corruptions and our taxes may be so heavy as to bend our backs double, but we have the consolation that this bad regime is ruled by the officials of our own race. Our people may not possess a high sense of patriotism, and may be very limited in their conception of national consciousness, but they know enough to choose between a freeman and a slave. A freeman will not appreciate the privilege of being such only when he is on the point of losing it. Therefore our people have good reasons to become restless at the prospect of losing their status of freemen.

Abyssinia has just added another name to the long list of perished nations. Paradoxically, Italy, in the good name of suppressing slavery in Abyssinia, has reduced its whole populations into slaves. In sympathizing with the fate of Ethiopians, we had better cast a look upon the future of our own destiny. Japan has taught Italy how a strong power can trample all international agreements and commitments in pursuance of her wild dreams. Profiting by this lesson, Italy has outdone her teacher by annexing Abyssinia outright without losing time in going through such round-about processes as to create puppet states and indulge in idle talks of "co-existence and co-prosperity." Italy's success may in turn enlighten Japanese statesmen and militarists and whet their appetite, so much so that they may totally change their former tactics of nibbling at China bit by bit.

This may explain the reason why the Sino-Japanese situation has taken on an uglier aspect in recent weeks. North China ceases to be China's property. China's tariff wall has been torn down by the Japanese and Korean smugglers, and China's fair garden has been run over by ever-increasing Nipponese soldiers. Protests from Nanking have been summarily thrown into the waste-basket, and pleas made by Chinese officials have fallen on deaf ears. On the other hand, warnings and ultimatums have been freely given even by the officers of the lowest ranks of the Japanese Army, and a slight incident involving a Chinese and a Japanese would be considered as justification for strong action.

Our helpless and hopeless position has all the more encouraged the imprudence of the Japanese militarists, who have vied with each other in denouncing the Chinese Government and its foreign policy as a means to advertise themselves in the eyes of their own people. They have already posed themselves as conquerors, and dared the Chinese to challenge their prowess. Even the diplomats have forgotten their habitual finesse and suavity. Recently a Japanese Consul-General, upon his returning, told his own countrymen that "China must choose between mututal interdependence with Japan or war with Japan." In other words, China must either surrender or fight. That China is neither prepared nor has a mind to fight with a first-class power is too well known to need further comment, and therefore the inevitable fate of our future has been written clearly in black and white for our eyes to see. In this circumstance, would it be advisable for us to prepare ourselves beforehand by learning to be slaves, so that we shall not be caught unprepared when the time comes?

In saying so, I may be called a defeatist, a coward, or worse. We have been told that, at this time of crisis, we should not lose our courage and hope, and give ourselves up to despair; and that we should increase our applications to the seeking of our salvation. All this may be very true, but we can not continue to keep up our courage and live on our hopes, when for five years since the first shot in Manchuria, our Government has not been able to hit upon any definite policy to liquidate this national crisis. It is only natural that the people, after sensing the hopeless situation they are in, will lapse into lethargy and resign themselves to whatever fate which God will lead them to.

Our rich officials and wealthy merchants may not have the same anxiety over their fate as their poor fellow countrymen. Since they have money, they can seek a haven in any foreign land and follow the example of Emperor Haile Selassie. They can still live a carefree life, and enjoy their usual luxuries. But we, poor people, have neither the heart not the means to leave our Fatherland. We must face bravely the change of circumstances and accept whatever is given to us. It is, therefore, for our own benefit that we should learn to be slaves with the hope that when we are called upon to play our parts, we shall not be seized with stage-fright, and lose our heart altogether.

Learning the Japanese Language

There are indeed many things to learn before we can play this role expertly and flawlessly. We must learn the ABC of the Japanese language, before we can take and follow the orders of our masters readily. In this connection, many of our far-sighted people have already sent their sons to Japan to master the Japanese language. We must learn to bear heavy burdens, that the increase of taxation may not break our backs. We must learn to be callous, so that we shall not easily give way to feelings, when our dear ones are forced to separate from us at the order of our masters. Nay, we must also to learn to love our enemies, so that we can become good slaves.

It is suggested that we should engage the Korean people to teach us how to be slaves. With their many years of experience, they will be able to tell us what a slave should do and what a slave should not do. These teachings will certainly prove beneficial to us, inasmuch as when the worse comes to the worst, we shall find ourselves fully equipped to answer the call. The present crisis will sooner or later come to its head, and unless some unforeseen circumstances can arrest the hand of executioner, the course of events will lead to a climax, the nature of which can be easily conjectured. Therefore better prepare ourselves today than never.

What concerns me most is not our own fate but that of our children. They will be made to suffer because of our inability to stand up as men to meet our foreign foe in defending our country. We shall feel ashamed both in the face of our children and in the presence of our ancestors, who handed down this big country to us for us to give away. As a means to deliver our children from this sad fate, I, sometimes, can not help accepting the soundness of Bernard Shaw's suggestion that "Give children a gorgeous party and then, when they had danced themselves asleep, turn on the gas and let them wake in heaven."

Shanghai, June 27, 1936.

Heavy Guard of Japanese Constables Present at "Hsiao Kwangtung" Trial

The trial of "Hsiao Kwangtung" and two other Chinese, alleged to be concerned in the murder of Nakayama, a member of the local Japanese Naval Landing party last November, reached a further stage June 16 when Judge Zee sat in the First Special District Court to hear the evidence of the accused and of the Municipal Police. A feature of the proceedings was that six Japanese police constables (from the Foreign Settlement Police forces) stood behind the accused in court. It was informally stated that this guard had been provided because anonymous letters had been received threatening "Hsiao Kwangtung's" life. "Hsiao Kwangtung" continued his allegations of police torture, while the police introduced evidence to the effect that the accused had been involved in a plot to assassinate a high ranking Government official some three years ago. According to the police, the accused man was arrested but was later released, owing to lack of evidence.

The Scramble for Possession of Tchurin and Company, Russian Firm in Harbin

BY THE REVIEW'S HARBIN CORRESPONDENT

IF the present ominous developments around E. Y. Tchurin and Co., oldest and most influential Russian commercial enterprise in Manchuria, mean anything, the future existence of the Company as at present constituted appears to be doomed. At present, the official press of Manchukuo is conducting the vilest possible campaign of mud-slinging at the owners of the company, the purpose of which cannot be otherwise than to compel them to retire from business on terms dictated by the German-Japanese combine, which appears to be pulling the strings of the campaign.

In accordance with familiar custom the press operates with, the only possible and oft-used argument, that the owners of Tchurin and Co., N.A. Kassianoff and others, are Bolsheviks, agents of the 3rd Internationale plotting to undermine the very foundation of this blessed "State" of Manchukuo and with that of Nippon and the whole of Eastern Asia, and that consequently their presence at the head of such a nationally renowned firm as Tchurin and Co. should not be tolerated any longer.

The ultimate purpose of this campaign is obvious; it is aimed at ousting N.A. Kassianoff and others from the Company and seizing, by hook or by crook, the Company's property, millions' worth of real estate, several department stores, power stations, factories and distilleries, and that for a song. So far, we have only a press campaign, but if past experiences mean anything, we may expect that, after preparing the necessary ground, the authorities will act and act through the Russians themselves, the so-called Bureau for Administration of White Russian Affairs in Harbin, which has already signified its profound interest in the affairs of the Company. The passing of Tchurin and Co. into non-Russian hands, presumably of a Japanese-German financial group, whose outline is already perceptible, will mean the last dying sigh of Russian influence in North Manchuria, hence it is of interest to recount, very briefly, the history of this house.

It was founded in the 70s of the last century by Ellias Tchurin, a Russian gold-prospector, who was amongst the first to come to the Far East, to the newly opened Amur gold-mines, where, after years of toil, he succeeded in making a fortune. With that, he started a commercial house in Blagoveschensk, the capital of Amur Province, which soon became a principal trading and industrial enterprise in the Russian Far East, operating his own gold-mines, department stores, steamship lines, factories, distilleries and machine shops. The activities of the Company extended far and wide; it had branches in North Manchuria, along the Chinese Eastern Railway, and also one in Hankow, which was then a principal centre dealing in Chinese tea.

With the coming of Bolsheviks to power in 1917, and especially after the collapse of the White Russian movement in Eastern Siberia, the Company was confiscated by the Soviets, with the exception, however, of Manchurian branches, which continued to operate as completely independent units, although greatly strengthened by transfers from Blagoveschensk, effected during the White Russian regime in that town.

The present owners of the Company, at least that part of it which operates in Harbin, Messrs. N. A. Kassianoff, A. B. Babintseff, M. B. Lapin, etc., appear to be Soviet citizens (with the exception of N. A. Kassianoff who claims Swiss citizenship), a factor not very well digested by Japanese administrators of Manchuria, which apparently explains the present press campaign against the owners of the firm.

Since Manchukuo is not a Soviet State and does not practise the outright confiscation of private enterprises, though it fosters its own State and private monopolies by means none too honorable, the taking over of affairs of Tchurin and Co. appears to be a little more difficult than originally supposed, because, apparently, anticipating such a turn, the owners, N. A. Kassianoff and others had made a mess of it by involving foreign interests in the affairs of the Company.

Principal Owner Turned Out

At any rate, the *Harbin Times*, the Japanese official mouthpiece in Harbin, stated (in its issue for June 9) that the principal owner, N. A. Kassianoff, it turned out, is no longer a Soviet citizen, but a naturalzed Swiss and that British capital has a big stake in the Company to the tune of over Yen 2,000,000 advanced to the Company by the Hongkong and Shanghai Banking Corporation in Harbin some years ago when the Company was in financial difficulties. This is to be repaid, the paper stated, by end of March, 1937, when the Bank is to relinquish its control over the Company's affairs, now exercised through E. O. Fuetterer, general manager of the firm.

The German element in the affairs of the Company enters through the named Herr Fuetterer, who nurses, according to press reports, the idea of converting the firm into a principal trading house between North Manchuria and Germany, operating along the lines of the recently concluded German-Manchukuo trade agreement. It appears also that the Deutsch-Asiatische Bank, which claims an unpaid loan of over Yen 1,000,000 due to it from Tchurin and Co., may have a scheme to have a voice in the affairs of the Company through the said Herr Fuetterer and the Japanese interests, said to be also desirous of having a hand in the affairs of the Company.

The reorganization plan, advanced by Herr Fuetterer, envisages to converting the firm from the present partnership into a limited liability company with shares freely offered to the public. If realized, the plan would result in wrenching the control of the Company from present owners, N. A. Kassianoff and others, and handing it over to somebody else, presumably to the Japanese and German interests, the latter through the said loan advanced by the German bank before the Bolshevik Revolution and which everyone thought as unrecoverable. The present press campaign is intended to frighten N. A. Kassianoff and others into the acceptance of Fuetterer's plan, a scheme whereby the Russians would be deprived of their properties amounting to several millions yen, which, as the same time, would perpetuate the position of Herr Fuetterer, until recently an unemployed German in Mukden, at the head of the Company. A plan worthy of a financial genius!

It is a general opinion here that as a result of this concerted drive against the present owners of the Company, they face the complete crowding out of the business. As said, the purpose of the campaign is to induce them to withdraw from business on terms offered by E. O. Fuetterer and those who are behind him, the particulars whereof remain unknown, but against which N. A. Kassianoff, and others are said to be violently opposed. The *Harbin Times*, which leads the campaign, terms this unyielding attitude of the owners as "insatiable greed of N. A. Kassianoff," who allegedly "demands the unreasonably high price for withdrawal from business."

This means that those who are behind Herr Fuetterer (he is poor as a church mouse) undervalue the properties of Tchurin and Co. at present consisting of extensive real estates in Harbin and elsewhere in North Manchuria, department stores in Harbin, Mukden and Dairen, cigarette and sausage factories, wine distillery, bristle and horsehair dressing plant, power station, export and technical departments, etc., the rough estimate of which puts its value at several millions dollars. It is the last remaining Russian enterprise of any consequence in the whole of Manchuria, thinly "protected" by the Swiss and British flags, which, in the long run, means nothing. The British side appears to be withdrawing from business as from March, 1937, when it gets the last instalment of debt due to it. In that case, Herr Fuetterer, who represents the H. and S. Bank in the firm, will have to bid farewell to the Company, seeking a new field of activities.

A Scheme to Form a Public Company

It is highly curious and at the same time amusing to observe from a distance how the forces working behind Herr Fuetterer manipulate in order to gain their ends. At present they are not seen, preferring to act through the Bureau for Administration of White Russian Affairs, which has wedged into the affairs of the Company allegedly for the purpose of protecting the interests of employes, said to number about 3,000 persons. The Bureau is run by White Russian "super patriots," all recommended by ex-Ataman Semenov, who are all ready tools in the hands of the Japanese, being in their pay. The Bureau claims that the owners of Tchurin and Co., being Soviet agents, aim at the deliberate ruination of their own firm with a view to creating a financial panic in Manchukuo, as the collapse of such a big firm would not pass without ill-effects on economics of the country, especially of the Russian population of Manchuria. Arguing in this vein, the Bureau supports Mr. Fuetterer's plan of converting the firm into a public company through shares offered to the public, claiming that it would preserve the Russian character of the famous firm. The latest argument is one of the slipshod methods one now often sees in Harbin, for offering the shares of Tchurin and Co. to the public would lead to the losing of the Russian character of the Company, about which the "super patriots" of the Bureau appear to be very concerned.

The meanest side of it is the fact that this Russian business house is being ruined by the Russians themselves, through "generals," "colonels" and all sorts of questionable characters now packing the Bureau for Administration of White Russian Affairs in Harbin, who in order to preserve their present none too enviable standard of living appear to be ready for anything vile and corrupt, veiling it as a super-patriotic action. A close observation of this part of the Russian population of Manchuria conclusively proves that it is the most dangerous crowd one can ever meet in this world; it is ready to do anything for the sake of preserving its present station in life. Being mere soldiers in the past, mostly without any useful trade or profession, nor the knowledge of languages, they are mere mercenaries, offering their services to the highest bidder, in the present case, the Japanese. And these people are ruining Tchurin and Co., claiming that the firm is being run by

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agents of the 3rd Internationale, or operating with the only possible argument in this case, for, if you wish to ruin a man, it is sufficient to say so to the first informer you meet, and you get quick results. Seeing this, it is becoming extremely disgusting to live in this world of ours, after all.

Harbin, June 23, 1936.

British Court at Peiping Hears Evidence in Sasaki Case

The British Court of Inquiry hearing the charges of manslaughter against two British privates, Herbert Coke and Ralph Hunt, in connection with the death of Kisaku Sasaki, a Japanese officer, on the night of May 26-27, was resumed at Peiping June 26 under the British Consul, N. Fitzmaurice.

A Korean barmaid from a bar in the area where British soldiers are alleged to have created disturbances on the night in question testified that she was in the bar with four Korean customers when two British military police entered, one of them striking two of the Koreans with his fists without any provocation. One of the Koreans had his glasses knocked off, and, when he stooped to recover them, the other soldier "kicked him in the seat." Both Koreans then ran out. Asked at this juncture to identify the two soldiers, she picked out Hunt and a man named Wilsdon, who was also present in court.

Wilsdon, she said, struck her several times. She was knocked to the floor, and, as a result, received injuries which kept her in bed for several days.

After having identified Wilsdon as the man who struck her, witness said her assailant was the same man as the one who hit the Koreans (he was Hunt, according to her original identification).

Cross-examined, the barmaid said these events took place on a Monday. She knew these two military police, but had never seen them together before.

A Chinese boy, employed by the so-called "British Soldiers' Club" and some Korean prostitutes also testified.

A rickshaw coolie deposed he was walking along Hatamen Street at midnight on May 26 when he saw two foreign soldiers emerge from Soochow *hutung*. He also saw two Japanese. One of the soldiers suddenly turned, struck him several times, and kicked him in the legs. He fell down, dizzy. When he recovered and got up half an hour later, he saw a Japanese lying in the roadway. Another Japanese came up, hailed a rickshaw, and carried off the Japanese lying in the road. He had no idea how the Japanese came to be lying there. He was unable to recognize the soldier who had struck him.

Evidence of a similar nature by Chinese, Japanese and Korean witnesses was given at subsequent sittings of the Courts. At the sitting on June 30 Dr. Terada (Japanese), who performed the antopsy, brought the dead man's brains to court. He said Sasaki's death was due to a severe blow over the right eye, which fractured the skull and caused haemorrhage.

Dissatisfaction with the procedure employed by the British Court of enquiry into the Sasaki case, was expressed in an official report submitted to the Gaimusho by Yoshio Muto, First Secretary of the Japanese Embassy in Peiping.

Art Treasures Stolen from Palace Museum at Peiping—Police Recover Nearly All

Seventy Chinese art exhibits were stolen from the Palace Museum in the Forbidden City middle of June. As the result of smart work by the police in the former Capital most of the stolen articles were recovered. Following information given by the guarantor of two employees of the Museum who failed to report for duty the previous morning, the police went to a local curio shop and recovered three painted fans. This led to the location of other missing objects. A scroll painting by Chao Tze-ngao, of the Sung dynasty, 43 paintings and twelve pieces of jade were among the exhibits stolen.

The Peiping Palace Museum June 21 issued identic notices to all curio shops instructing them to voluntarily return to the museum any art relics they had purchased from the culprits responsible for the museum theft. Severe punishment, according to the notices, would be meted out to any one who purposely hides such stolen articles.

With a view to leaving no stone unturned for the solution of the Palace Museum theft case, the Hopei-Chahar Political Council June 27 issued orders prohibiting all officials and employees of the Museum from leaving the city.

Palace Museum Art Treasures Returned to Shanghai—Placed in Storage

The Palace Museum art treasures brought back from England and later exhibited at Nanking were returned to Shanghai June 30 in 84 carefully packed cases. They came by train and were transferred under heavy guard to the Ben Building, corner of Avenue Edward VII and Rue Montauban, where they are being stored.

Japanese Make Demands on Tientsin Customs, Following Firing on "Taiei Maru"—Cruiser Goes on "Patrol Duty"

Protests against the alleged attack by a Customs preventive cruiser upon the *Taiei Maru* off Chikou on June 20 were filed on the night of June 26 with H. D. Hilliard, Customs Commissioner in Tientsin, by Iichi Kishi, Japanese Consul. The written protest alleged that the firing upon the Japanese national flag,—"an object of the nation's reverence,"—demonstrated the "lax discipline aboard the Customs preventive cruisers" and "left no room for excuse for these wanton acts."

Mr. Hilliard, according to Capt. Kubota, Japanese resident Naval Office in Tientsin, expressed "sincere regrets" over the incidents and informed the Japanese officer that he had referred the matter to the Nanking Government as it was beyond his authority to attempt a settlement on spot.

Captain Kubota reminded Mr. Hilliard that when cases of that character were reported to have occurred in the Gulf of Pechihli, the commander of the Port Arthur Naval Station, who is responsible for the policing of that area, issued a stern warning to the Tientsin Commissioner of Customs on April 10. The commissioner, in his reply, according to *Domei*, assured Captain Kubota that his subordinates had been duly notified.

Mr. Kishi, Japanese Consul, told Mr. Hilliard that the Japanese Government regarded the attacks on the Japanese ships "as completely lacking in commonsense and as an abuse of Customs authority." The Japanese official indicated that his Government might demand the complete withdrawal of Customs preventive vessels from North China waters "unless the situation were ameliorated."

Motoki Matsumura, third secretary of the Japanese Embassy filed a verbal protest with the Waichiaopu in Nanking June 27 He stated that Japan could "not tolerate Chinese Customs cruisers opening fire upon Japanese ships engaged in legitimate trade and injuring the latter's crews under the pretext of curbing smuggling.'

In a formal written note, the Japanese Consulate-General filed a set of three demands with the Tientsin Customs over the allegedly illegal firing by a Customs preventive cruiser on the *Taiei Maru*, a Japanese ship. The Japanese demanded the payment of compensation for injured members of the crew and for the damages inflicted to the ship by the machine-gun fire; also an apology and a guarantee that such incidents will not recur.

Sir Frederick Maze Gives Official Version

The Chinese Government directed Sir Frederick Maze, Inspector General of Customs, to submit a report of the recent seizures by the Customs of Japanese vessels engaged in smuggling off Chi Kou and Tsingtao. The following is a synopsis of Sir Frederick's narrative of the occurrences in question :—

"In respect of the two recent seizures of Japanese smuggling vessels in Chi Kou and Tsingtao waters, the Customs preventive agencies in both cases adhered to normal procedure where the protection of the fiscal interests of a sovereign power is concerned. In both cases the vessels were seized in territorial waters; and as both were signalled to stop for investigation without effect, warning shots were therefore fired in the air and wide of the mark to compel them to do so. In the Chi Kou instance the vessel hove-to after some 30 rounds were subsequently fired at her stern, and she was afterwards towed to Tangku. On arrival, the Customs medical officer offered to attend the wounded, but his services were declined. Subsequently Japanese Consular armed Police and Gendarmes repaired to the local Customs Office and violently assaulted the Customs officers there.

"According to a statement of men on board the seized vessel she arrived off Chi Kou a few days previously and landed a cargo of illicit sugar; and when boarded some bags of sugar were thrown overboard, and two cases of ginseng were found on board. If the vessel was not engaged in smuggling what was she doing off a non-Treaty Port, and why did she try to evade inspection?

"The vessel in Tsingtao waters was seized on specific information, indicating the date of her departure from Dairen, nature of cargo and probable date of arrival, etc. A Customs preventive cutter was accordingly detailed to intercept her, but she was warned by flashlight signals from confederates on shore, turned and fled. One of the cutter's motor-boats (not the parent ship) gave chase, first signalled by flashlight and siren to the vessel to stop, and as no notice was taken a few rounds were fired in the air as a further signal for her to heave-to and as she still failed to do so, some shots were fired at the wheel-house and rudder, but nobody was injured. The motor-boat continued the pursuit and when she drew alongside the Customs' officials found the wheel lashed at mid-ships and the crew below. The vessel contained large quantities of sugar and artificial silk yarn. At daybreak it was observed that a flag was furled closely round a bamboo pole, lashed to the after bulwarks, and a sailor was ordered to investigate, as the emblem could not be distinguished.

"It is claimed that this vessel was not engaged in smuggling, yet she was warned by shore-signals of the approach of the Customs preventive vessel and on being thus warned endeavored to escape."

Japanese Mob at Tsingtao Storms Custom House

A report that the *Moeki Maru*, a small Japanese vessel, was fired on off Tsingtao June 21 by a Customs preventive cruiser, was confirmed by the Tientsin Japanese consular authorities, June 24. The *Moeki Maru*, the Japanese alleged, was fired on while adrift in a dense fog and four members of her crew wounded.

In a heated mass meeting, lasting almost two hours, 2,000 Japanese residents at Tsingtao June 26 adopted a seven-point resolution demanding drastic disciplinary measures against Customs officials responsible for the allegedly illegal firing on the *Moei Maru*, a Japanese vessel, off said port on June 21. The resolution included a demand for an apology to the Japanese authorities by the Inspector-General of Customs and by the Tsingtao Commissioner of Customs; dismissal of the Tsingtao Customs Commissioner; and dismissal of the crew of the Customs preventive cruiser involved in the incident and the prosecution of its members in criminal court.

A huge Japanese mob tried to seize the Tsingtao Customs building and also to rush the home of A. Campbell, Customs Commissioner on the night of June 26. The Japanese Consular Police held the mob in check.

These disturbances came in the wake of a gathering of between 600 and 700 Japanese residents in the compound of the Tsingtao Jinja, a Shinto shrine. The crowd assembled there one hour after the adjournment of the mass meeting.

The two-hour mass rally, which preceded the disturbances, was organized by the Tsingtao Development League, an organization dominated by Nipponese radical elements.

Convened in a special meeting the Ministers of War, Navy and Foreign Affairs in Tokyo discussed the firing at the *Moeki Maru*, by a Chinese Customs cruiser off Tsingtao on June 21.

A warning to the representatives of the Japanese community to take no step that would prejudice the conduct of the Sino-Japanese negotiations on the settlement of the *Moeki Maru* case was issued by Haruhiko Nishi, and Commander Minoru Taiiri, respectively Consul-General and resident naval officer at Tsingtao.

Japanese Destroyer Leaves for "Patrol Duty in Gulf of Pechihli"

Assigned to what was officially described as "patrol duty in the Gulf of Pechihli," the Japanese destroyer *Kiku* weighed anchor from Tangku in the night of June 28.

Two destroyers from Port Arthur were sent to Tsingtao with special staff officers to investigate the *Moeki Maru* incident and make a detailed reported to the commander of the Port Arthur station (who is responsible for the patrolling of the North China coast.)

A fresh Sino-Japanese incident was threatened in North China June 29 with the report that the Japanese authorities intend to detain the Chinese Customs cutter *Yu Kwang* if it is found that she committed an "illegal action" against the Japanese vessel *Taiei Maru* off Chikou on June 20.

Fukien Strengthens Customs Preventive Service

The Fukien Provincial Government is strengthening its Customs preventive service. Seventeen new armed preventive corps with more than 160 men will be organized and distributed to the various Customs stations to help to check smuggling.

The Chengchow populace has been warned by the health authorities not to use smuggled sugar, as recent chemical analyses indicated that it contains poisonous ingredients.

In a strongly-worded editorial June 24, the Nanking *Hsin-Chin-Jb-Pao* took exception to the suggestion of Sir Frederick Leith-Ross that the Chinese Government should consider a downward reivsion of tariff rates. The paper expressed surprise at the view of the British Chief Economic Adviser, deeming it incompatible with Great Britain's interests in China, and expressed the opinion that it is only right for Britian to adopt more effective measures than she had already done in stopping Japan from her smuggling activities undermining China's foreign loan obligations.

Korean Smugglers Cause Trouble at Tientsin East Station

Despite a vigorous protest and entreaties by the railway authorities, a band of Koreans on the night of June 25 forcibly overloaded a second-class car of the Tientsin-Pukow express with bales of smuggled goods to such an extent that the car had to be detached before the train could depart from the Tientsin East station. Three third-class cars were overloaded in the same manner at the Central Station and likewise had to be detached.

Fourth of July in Shanghai

Elaborate preparations have been made by the American community in Shanghai to celebrate the Fourth of July. Col. C. F. B. Price, commandant of the U.S. Fourth Marines, will preside at military exercises at the Race Course at 8.30 a.m. A reception will be given by Clarence E. Gauss, U. S Consul General in the Development Building, 11.30 to 12.30 noon. The American Club will hold "open house". At the Columbia Country Club there will be a display of fireworks at 9 p.m., to be followed by dancing and a buffet supper.

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Japan's "New Deal" Requires Huge Expenditure

Expenditures totalling Yen 2,700,000,000, about Yen 400,000,000 more than the sum appropriated for this year's record budget, will be required to finance the first seven "new deal" policies of the Hirota Cabinet, high Exchequer officials stated in Tokyo June 27.

Of this total, Yen 1,300,000,000 will be devoted to military and naval outlays, they added. The adoption of six major policies in the civilian branches of the Government will necessitate an increase of about Yen 350,000,000.

To raise the required funds, Dr. Baba proposes an extension of the state monopoly to the refining of sugar, beer brewing, production of matches, alcohol and "shochu,"—an alcoholic beverage.—Treasury officials expect these measures to raise the revenues of the Monopoly Bureau from the present Yen 210,000,000 to nearly Yen 400,000,000.

Japanese Cotton Industry to Seek Import Regulation

A unanimous decision to urge the Government to regulate Japan's imports, through the passage of an Imports' Guild Law, was reached by the Cotton Industry Association in Tokyo June 23.

War Minister Proposes Formation of Health Ministry

Alarmed by the steady growth in the number of conscripts disqualified for poor physiques, Gen. Count Hisaichi Terauchi, War Minister, has proposed to the Cabinet the establishment of a Ministry of Health.

Plans for State Control of Power Industry Approved by Minister of Communications

Plans for the state control of the electric power industry were approved June 23 by Keikichi Tanomogi, Minister of Communications. The present scheme provides for the establishment of an electric generation and transmission company, with a capital of Yen 2,000,000,000.

Japanese to Build New Steel Plant in Tientsin

Special experts from the Japanese Chungshan Steel Plant in Mukden have been sent to Tientsin to make preliminary plans for the building of a steel plant there. According to Japanese sources, the Japanese steel plant in Mukden has decided to invest $200,000 in the new plant in Tientsin.

Meiji U. Instructor Chosen for Washington Research Job

Hiroshi Momose, a Meiji University instructor, has been selected to succeed Tomoo Numata in the task of compiling the history of the Ching Dynasty for the Congressional Library at Washington.

Japanese Buy British Shares in Tomei Insurance Co.

As the result of a purchase of 20,000 shares in the Tomei Fire and Marine Insurance Company by the Tokyo Marine Insurance Company from the Union Insurance Society of Canton, Ltd., the Tomei will become a direct subsidiary of the Tokyo company engaged in overseas operations, *Domei* states. The Tomei was organized about 20 years ago by the Tokyo and the Union Insurance companies as a joint Anglo-Japanese concern, to engage exclusively in re-insurance.

Tokyo "Yomiuri" Lays Bare What "General Administrative Reforms" Really Are

The Tokyo *Yomiuri* Jun. 22 stated that "the Government's 'general administrative reforms' are nothing but 'promotion of armament' and 'expansion and supplementation of wartime resources.' Those quarters which hoped that 'general administrative reforms' were equal to 'stabilization of the people's life' may have been disappointed. But this much had been known from the outset. 'Stabilization of the people's life' is little different from the Army's oftrepeated 'national defense in the broader sense.' "

Japanese to Invade China and Manchuria with Diesel Engined Automobiles

Manufacture of diesel-engined automobiles in Japan is about to become markedly active with a special eye on the Manchurian and Chinese market, according to the Nikkan Kogyo Shimbun (*Industrial Daily News*). Mitsubishi Heavy Industries is already endeavoring to extend its sale of diesel cars. Ikegai Iron Works has already established plants specially devoted to manufacture of diesel automobiles at Kawaguchi and Kawasaki and is working hard to sell its products. The Hitachi Works is now making preparations to start mass production of diesel cars on a large scale. It is indicated that beginning about the end of this year the companies engaged in diesel car manufacture will start the sale of diesel buses.

Representatives of American automobile companies who have recently canvassed the market in Manchuria are stated to be pessimistic of the possibilities for business, in view of the proposed Japanese competition.

Mayor Wu Urges Abolition of National Salvation Unions in Various Schools

Speaking before a meeting with the principals of the various schools and universities, Mayor Wu Teh-chen of Greater Shanghai urged the latter to effect the abolition of the national salvation associations in the various universities.

The Mayor's speech, as published in the *National Salvation Bulletin Weekly* on June 15, stated:—"The Government is not in position to reveal her military and diplomatic secrets to the people. We must, therefore, place absolute confidence in our Government. North China is now in a most critical situation as a result of the repeated student trouble. Shanghai is the business center which finances the government's work. And if something happened in Shanghai, the Government will be placed in a difficult position on account of the lack of financial support. It is my hope, therefore, that all of you gentlemen should do your best to abolish the so-called national salvation associations in the various schools and universities."

Protesting against the order of the Public Safety Bureau for the dissolution of all radical student organizations, a general strike was launched by young men and women attending 44 local schools and universities in Peiping June 17. This followed a meeting held the night previously at Yenching University attended by 70 student delegates.

A manifesto was issued in Canton, June 23 by the Student's Union, urging the Chinese soldiers not to obey orders from General Chiang Kai-shek to block the advance of the Southwest Anti-Japanese National Salvation Army.

British Expert Lauds Chinese Youths

A tribute to the eagerness of educated Chinese youths and girls in many parts of China to devote themselves to rural improvement was paid by Claud F. Strickland, British agricultural expert, in reviewing his recent mission to China in *London Times* June 24.

Ministry of Education Declines to Take Over University of Amoy

A request from the student body of the University of Amoy that the institution be taken over by the Government and reorganized into a National University was rejected by the Ministry of Education at Nanking, June 27. Lack of available funds was given as the sole reason for not accepting the petition. Promising to render financial assistance to the school in the form of annual subsidies, the Ministry urged the university to carry on as best it can by enforcing a policy of retrenchment.

Exceeding all previous records, a total of 330 graduates received diplomas at the 5th commencement exercises held by the National Szechuan University at Chengtu June 24.

Educational Subsidies to Colleges Not to Exceed $720,000

Requests for grants-in-aid from 44 colleges and universities for the coming year 1936-37, amounting to over $2,900,000, have been received by the Ministry of Education. Due, however, to financial stringency, the Ministry has decided that it cannot grant more than the usual amount of $720,000 for the coming year.

The Chekiang Provincial Government Committee, at a meeting in Hangchow, June 16, decided to make a grant of $3,000 towards the construction expenses for a building and camping field for the Chekiang Provincial Boy Scouts' Association; and another sum of $5,000 towards the erection of a dormitory building for the Hangchow Middle School.

An issue of 25th Year (1936) Short-term Treasury Notes, to the amount of $300,000, for the promotion of Free Education was decided upon at a meeting of the Fukien Provincial Government Committee held in Foochow June 25.

Seven Tientsin Schools Placed Under Municipal Control

Seven Tientsin schools, including the Nankai University, have been placed under the direct control of the Tientsin Municipality instead of the Hopei Provincial Government, as the result of a decision reached by the provincial authorities in Paoting, June 21.

Chinese Twins Pass Examinations at Cambridge University

The Chinese twins, Messrs. Yu Chunghsi and Yu Ho-hsi, former students of St. John's University, Shanghai, and first year men at Trinity College, Cambridge, passed the Economic Tripos, Part one, June 20. Yu Chung-hsi passed in class two, division two while his brother passed in the third class.

$2,800,000 Educational Grants Made from British Boxer Indemnity Refund

A formal announcement was made at Nanking, June 27 by the Board of Trustees for the administration of the British Boxer Indemnity Refund of the distribution of $2,800,000 as grants-in-aid to educational and cultural institutions in China for the next fiscal year, 1936-37.

This amount represents only one-third of the total as requested by 73 institutions for grants and subsidies. If all the requests were complied with, the total grants expected would amount to $8,215,000.

Educational grants-in-aid for the coming year are of five classes, as follows:

Clase A.—Is for institutions established and maintained by the Central authorities. Among institutions thus benefitted by grants are:

National Central Museum, $300,000; National Central Library, $300,000; For preservation of historical landmarks and relics $100,000; Total 700,000:

Class B.—Lectureships of $10,000 each for National Central University, Nanking; Chungshan University, Canton; National Wuhan University, Wuchang; National Chekiang University, Hangchow; Peiyang Engineering College, Tientsin; and Central Health Experimental Station, Nanking, $60,000; Academia Sinica, $40,000; National Peiping Research Inst., $40,000; Chungshan Univ., $40,000; Wuhan Univ., $40,000; National Chekiang Univ., $40,000; Nankai Univ. Tientsin, $20,000; Yenching Univ. Peiping, $15,000; Univ. of Amoy, $10,000; Nat. Medical College, S'hai, $20,000; Yale-in-China Medical College, $20,000; Central Health Exp. Station, $20,000; Central University, $60,000; National Peiping Univ., $10,000; National Shantung Univ., $40,000; National Szchwan Univ., $32,000; Chiaotung Univ. S'hai, $30,000; Honan Provincial Univ., $15,000; Yunnan Provincial Univ., $80,000; Kwangsi Provincial Univ., $40,000; University of Nanking, $60,000; Cheeloo Univ. Tsinan, $15,000; Lingnan Univ. Canton, $60,000; West China Union Univ., $75,000; Peiyang Engineering College, $40,000; Kansu Provincial College, $40,000; Chiaotso Engineering College, Honan, $13,000; Nantung College, Kiangsu, $20,000; Tungchi Univ. S'hai, $20,000; Chekiang Prov. Medical College, $20,000; Kiangsi Prov. Medical College, $20,000; Shansi Prov. Engineering College, $30,000; Peiping N. China Engineering Col. $30,000; Central Agricultural Exp. Station, $60,000; China Constuction Institute, $54,000; China Vocational Edu. Association, $45,000; China Geographical Society, $15,000; Federation of Chinese Cultural and Educational Associations, $90,000.

Class C.—Scholarships for Chinese students to England, $412,000.

Class D.—Prizes for works on technical subjects, $28,000.

Class E.—Establishment of middle, primary, and vocational schools and for rural education schools, $672,000.

Instruction in Hygiene to Be Given in Nanking

Twenty thousand employees and waiters of Nanking barbershops, tea-houses, restaurants, hotels, bath-houses and amusement places will receive a seven-week compulsory training in hygiene and manners starting July 6. For two hours daily, these 20,000 "students" will sit in the classrooms of 51 primary schools and two middle schools to listen to lectures on the essentials of the New Life Movement, self-government and hygiene. Some of the cardinal points of the book of rules for each trade will also be imparted to them. Each person will be required to attend classes for one week. Sponsored by Generalissimo Chiang Kai-shek, the program is in charge of the Nanking public health station and the bureau of social affairs. Instructors will be supplied by the Association for the Promotion of the New Life Movement.

Of the total annual deaths of 12,000,000 in China half are due to unsanitary conditions which may have been averted through the promotion of sanitation and effective prevention of contagious diseases, according to Dr. Wang Tsu-hsiang, director of the Nanking Municipal Health Station, when speaking on the importance of public health during the summer season in a recent weekly memorial speech.

Former Vice-Governor of Philippines Eulogizes Manchukuo Government

An address entitled "The Changing Orient," delivered by Dr. J. R. Hayden, former Vice Governor of the Philippine Islands and at present Professor of Political Science at the University of Michigan, delivered before the Economics Club of Detroit, Feb. 24, has been published in brochure form. The following are excerpts:

"A fundamental change has occurred in the Far East between the years 1900 and 1936. In that period the peoples of Eastern Asia have become masters of their own destiny; this great region of the world is no longer under the domination of the West. Today no Western nations, no combination of Western states, be it in the form of an alliance or of a League, can impose its will upon the one-third of the human race which dwells in the area of the Western Pacific.

The revolutionary emancipation has resulted from three major causes: First, the emergence of Japan as a great military economic power; second, the growth in China of a nationalistic spirit among the articulate classes and the development of non-military but highly effective techniques of resistance such as the boycott; third, the impairment of the expansive force of most of the so-called imperialistic Western nations by the World War and its aftermath."

Dr. Hayden is highly eulogistic of the results obtained by the new Manchukuo government. He says this new government is modern in honesty and efficiency and in the quantity and quality of public services it renders to the people, the predatory personal armies of rapacious warlords having been disbanded and replaced by a national military force—and more in the same vein.

Two Hundred Receive Diplomas at Chiaotung University

More than two hundred students received diplomas at the 36th commencement exercises held at Chiaotung University June 27. The Commencement exercises were held in Wen Chih Hall at 3 p.m. After President J. Usang Ly's report on the year's work of the University, Pan Kung-chan, Commissioner of the Bureau of Education, read a message by Lin Sen, Chairman of the National Government, advising the graduates to practise what they had learned with persistence and self-sacrifice. Pan Hsueh-pei, Vice-Minister of Communications, also spoke on the occasion. He cited the rapid development of communications in China, but expressed regret at the lack of scientific studies.

Altogether twenty students received diplomas in science with the degree of B.S., among whom were two girls; 88 in administration, (47 from Shanghai, 41 from Peiping), among whom were eleven girls: 62 in civil engineering (26 from Shanghai, 36 from Tongshan); 38 in mechanical engineering, among whom was one girl, and 28 in electrical engineering, among whom was also one girl.

The day's program began with the breaking of ground for an automotive laboratory by Mr. Ly and Mr. Woo, dean of the School of Mechanical Engineering, and Capt. Y. K. Tseng, director of the Naval Air Establishment, Kiaochangmiao.

At noon the local Chapter of the Phi Tau Phi Scholastic Honor Society of China initiated the eight new members recently elected form the graduating class.

The heavy responsibility of maintaining the insititution's prestige borne by graduates of the University, and the preference given them over others in obtaining employment at the Ministry of Railways was emphasized by Chang Kia-ngau, Minister of Railways, in his speech at the graduating exercises. The Ministry of Railways, he said, needed good men. Its hope was to build more lines in the shortest possible period and with the least possible expense, and it was hoped to complete 3,000 or 4,000 kilometres of lines in the next few years. This called for men who could each do as much as five men's work and who could save money for their country.

Yale University Alumni Organize Yale Alumni Club

Two dozen Yale alumni met June 17, at the Nanking residence of Dr. H. H. Kung, when the Constitution of the newly former Yale Alumni Club, as drafted by Dr. L. N. Chang, 1911 L., Minister to Chile, was approved. The following officers for the current year were elected: Dr. H. H. Kung, President; Dr. Y. T. Tsur, First Vice-president; Rev. John G. Magee, Second Vice-president; Dr. L. N. Chang, Secretary and Treasurer. The next meeting of the Club will be held in the second week of September when members of the Club return from their summer vacation.

Britain and France Call Off Sanctions on Italy, U. S. Lifts Embargo

Both Britain and France have decided to call off the imposition of sanctions against Italy, but it is reported from Rome that Italy will not be satisfied until its annexation of Ethiopia is formally recognized by the other European Powers, in the absence of which Italy will decline to take any part in League of Nations discussions or any other conferences.

President Roosevelt June 20 also lifted the embargo on the export of war materials to Italy and Ethiopia, although State Department officials at Washington emphasized that the lifting of the embargo did not imply recognition of Italy's annexation.

Japan Demands Equality in at Dardanelles Conference

The Dardanelles Conference was opened at Montreux, Switzerland, June 22. Montreux was selected for the Dardanelles parleys because Russia did not wish to return to the scene of the Vorovski assassination in Lausanne, while Japan preferred not to be represented at Geneva, in view of her withdrawal from the League of Nations.

Japan is demanding equality with the signatories of any future convention regarding the status of the Dardanelles. Specfiaclly Japan claims that she be granted equal rights with the members of the League of Nations with reference to Art. IX of the Turkish draft agreement, which stipulates the relations of Turkey with the Geneva organization; that no discrimination be shown by Turkey between the war vessels of countries along the Black Sea and those of other parts of the world in their passage through the Dardanelles.

Disorders in Palestine Continue—Towns Heavily Fined

The British Government is faced with increasing difficulties in Palestine, where daily encounters with the Arabs are taking place. The British authorities have adopted the policy of heavily fining the Arab towns where disturbances break out. The principal fear at the moment is that the Arab population across the Jordan may come to the assistance of their comrades to the west of said stream.

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Anti-Japanese Volunteers Battle Manchukuo Troops

Three hundred anti-Japanese Volunteers in Manchuria under the command of Chao Shang-tze occupied thirteen bases of the Manchukuo troops in Monlan districts in North Manchuria in a series of battles started on June 18, according to a belated report received in Harbin, June 26. The volunteers obtained six machine guns left behind by the Manchuria troops and large quantities of other ammunition and foodstuffs.

Inner Mongolian Army to Be Augmented

According to information from reliable sources, the Mongolian Prince Teh has received instructions from the Japanese to augment the Inner Mongolian Army. It is understood that about 10,000 new men will be added to the Inner Mongolia Army next month. All ammunition will be supplied by the Japanese.

Japanese Build Airdrome at Shangtu

According to reports received from Kalgan, the Japanese airdrome at Shangtu has already been completed. At present there are five bombers and three persuit planes stationed there.

Japan-Manchu Property Right Pact Signed

Japan and Manchukuo, July 29, formally concluded an agreement protecting mutual property rights, including patents and trade marks. The document was signed at Hsinking by Gen. Kenkichi Yyeda, Ambassador to Hsinking, and Chang Yen-ching, Manchukuo's Foreign Minister. The pact was approved by the Japanese Privy Council on June 24, in the presence of the Emperor.

Manchukuo Hopes to Increase Trade with Germany

The big effort that Manchukuo is making to increase her trade with Germany was indicated by Mr. Kato, the first official representative of the new State to Germany, in Berlin, in an interview with *Reuter* in Berlin, June 28. Mr. Kato declared that Manchukuo last year had purchased goods from Germany valued at 15,000,000 yuan, while Germany had bought from Manchukuo goods valued at 60,000 yuan, mostly soya beans.

In his opinion, these figures could be greatly increased. Germany, he added, would soon buy 100,000,000 yuan worth of goods from Manchukuo which in turn would increase her imports from Germany.

Dealing a hard blow to Japanese and foreign concerns exporting Manchukuo's bean oil to the Reich, the German guild of bean oil mrechants has approached the Hsinking Government with a proposal to open its own purchasing offices in Manchuria.

Dairen Displaces Shanghai as Exchange Market

Domei states that a revival is noted of the money exchange market in Dairen at the expense of Shanghai, as a direct consequence of the Chinese monetary reforms. The Dairen branches of the Yokohama Specie Bank, the Bank of Korea, the Mitsubishi Bank and the Mitsui Bank all reported brisk exchange business.

S.M.R. to Survey Manchukuo's Resources

A thoroughgoing survey of Manchukuo's mineral resources will be undertaken shortly by the South Manchuria Railway Company. The first districts to be explored will be the areas between Chiatou and Kungchangling, on the Antung-Mukden railway line, and east of Haicheng, known to have rich deposits of iron ore. Later, inspection parties will be sent to the Tungpientao district, near the Korean border.

During the 1935 fiscal year the South Manchuria Railway Company made a profit of Yen 49,624,000, showing an increase of Yen 3,156,000 compared with the previous year.

Through Train Service Between Peiping and Korea

Through train services between Peiping and Korea will be established in the near future, as the officials of the Peiping-Liaoning, South Manchuria, and the Korean railway authorities are making the necessary preparations. It is reported that the railway authorities are manufacturing special coaches for the through service between Peiping and Korea.

U. S. Asks Explanation of Mistreatment of Captain Jernigan by Japanese Guard

The U. S. Department of State announced June 25 that the American Embassy at Peiping had requested the Japanese Embassy to explain the mistreatment of Capt. R. S. Jernigan, a member of the Embassy staff, and an American woman, by Japanese guards during the recent Japanese military ceremony on the glacis outside the Legation Quarter.

The Japanese Embassy June 30 replied to the U.S. representations but the contents of the reply were not divulged. The U. S. Department of State June 30 announced that Japan's reply was satisfactory.

Major Imai, the Japanese Military Attache at Peiping June 26 stated that foreigners must understand that the Imperial flag has a special spiritual significance and is sacred. Japanese soldiers show great respect for it and "where it goes, they go desperately." He thought the incidents complained of were due to the excessive care with which the men guarded the flag.

Soviet-Manchukuo Border Clashes Continue —Soviets Use Machine Guns

Four members of a Manchukuo mounted patrol were surrounded by two squadrons of Soviet cavalry and captured in the vicinity of Hill 768, northeast of Manchouli, at about 1.30 p.m. June 28. The scene of the alleged seizure of the patrol, Kwantung Army officers said, is "clearly within Manchukuo." The patrol did not resist, according to dispatch. Negotiations for the release of the men were started immediately both by the Manchukuo Department of Foreign Affairs and its agents at Manchuli.

Commenting on the incident the Dairen *Nichi Nichi* declared that the Japanese soldiers were not armed at the time "because they were within Manchukuo territory, and were, therefore, unable to defend themselves."

Two Japanese officers on patrol duty along the Siberian border were killed by unidentified snipers, according to dispatches received in Tokyo June 27. The Japanese authorities at Harbin reported that they were attempting to determine whether the shots were fired by bandits or Soviet Russians.

Manchukuo Reports New Border Incidents

Two other incidents on the Soviet-Manchukuo-borders were reported to the Tokyo Foreign Office by Gen. Kenkichi Yyeda, Ambassador to Hsinking and Commander-in-Chief of the Kwantung Army, June 25—one in the evening of June 14, near the village of Tawushehkou, when the Japanese border guards were subjected to a withering machine gun fire by Soviet troops; the other near Tungning in the early morning of June 6, when a Japanese patrol was fired upon by Soviet guards.

Soviet Plane Reported Across Border

The crossing of the Manchukuo border by a Soviet reconnaisance plant on the afternoon of June 24 was charged June 26 by the headquarters of the Korean Garrison, in a special communique. The plane, according to the statement, crossed the frontier at 1 o'clock in the afternoon. A few minutes later it was sighted over Hunchun and Changlingtze, flying at an altitude of about 600 meters.

Soviets Return "Manchukuoans" and Koreans

Fifty-six persons, said to have been kidnapped by Soviet agents in Manchukuo, have been returned by the U.S.S.R. through the Foreign Affairs Office at Suifenho, the Hsinking Foreign Office announced June 25. They included 49 Manchukuoans and seven Koreans. The captives, the announcement added, were allegedly subjected to privations while held by the Soviet authorities, who questioned them closely regarding the distribution of Japanese and Manchukuo troops, the construction of railways and Korean communities.

Japan and Manchukuo Agree on Border Commission

Agreement in views regarding the organization of Soviet-Japanese-Manchukuo commissions for the settlement of frontier disputes and the demarcation of the Russo-Manchurian border was reached between the Tokyo and Hsinking Foreign Offices last week.

Radiophone Service to Link Japan and U.S.S.R.

Direct radiophone service will link Japan with the Soviet Union on or about July 10, officials of the Tokyo Ministry of Communications revealed June 25.

Amendments to Soviet Prohibition of Abortions Bill

A decision of the C.E.C. of the U.S.S.R. and the Council of Peoples Commissars of the U.S.S.R. was published in Moscow June 27 regarding the prohibition of abortions, the increase in material aid to birthgiving women, the establishment of State aid to mothers having many children, the extension of the network of lying-in homes, creches and kindergartens, the enhancement to criminal punishment for non-payment for maintenance of children and some amendments to divorce legislation.

Japanese and Chinese Comments on the New Soviet Constitution

The Tokyo *Nichi Nichi* June 19 commented concerning the new Soviet Constitution: "Soviet Russia's decision on its policy to revise its Constitution along democratic lines is encouraging Soviet rapprochement with capitalistic Powers and allowing Soviet Russia's characteristic wilful propaganda against Japan to have greater effect, making Japan's international position still more disadvantageous."

The *Ta Kung Pao* commented:—"With the promulgation of a Constitution, the Soviet Constitution will at least be equal to the Constitutions of France, England and America. It will remove all the misunderstandings of the U.S.S.R. by the capitalist countries. It will improve the international position of the U.S.S.R. and will increase the international activities of the U.S.S.R. This new Soviet Constitution will therefore result in far reaching external effects in addition to internal effects. It must be noted that the success of the U.S.S.R. today is due to the hard struggles in the years past. The 146 articles of the new Soviet Constitution are the result of the struggle of the Soviet leaders and their people. It must not be read as ordinary literature."

C. N. A. C. Plans New Air Route in Western China

Plans are being made by the China National Aviation Corporation for the opening of a new air line along the Yangtsze River in Western China. The projected route starts from Chungking to Chengtu by way of Luhsien, Shuchow and Chiating, important cities along the Yangtsze River in southern Szechwan.

Pan-American to Operate Weekly Trans-Pacific Service in Both Directions

Officials of Pan-American Airways, Inc., announced June 25 that they would inaugurate a weekly timetable on their trans-Pacific air line between California and Manila, starting on July 8. Planes will leave each terminus of the line every Wednesday thereafter.

Japanese Aviation Bureau to Become Independent

Decision to make the Aviation Bureau of the Ministry of Communications an independent organ, in order to encourage the development of civil aviation in Japan was reached by Keikichi Tanomogi, Communications Minister, June 19.

The step was decided after consultation with the Ministries of War and Navy, both of which are interested in civil aviation from the standpoint of national defense.

The Ministry's plans for the development of aviation were submitted to the Cabinet on July 3, together with its project for the development of the nation's electric power industry.

The Ministry proposes to improve aerial communication between Japan and Manchukuo; to develop air links with foreign countries; and to materialize the plan of aerial development drafted by the late Takejiro Tokonami, Minister of the Communications. The latter scheme calls for the expenditure of Yen 230,000,000 within ten years.

Three Japanese Naval Fliers Killed as Plane Burns

Three non-commissioned Japanese naval flight officers were burned to death near Tateyama June 26 as the plane in which they were flying burst into flames and crashed into a woods at Kambe village, Chiba prefecture. The aviators were engaged in dawn maneuvers together with over aircraft from the naval flying base there and the Yokosuka base. The motor of their machine was heard to splutter soon after it had taken off. Flames immediately broke out and the machine was seen to fall in a spin, brightly lighting the dark sky.

Philippines Acting High Commissioner Asks Aid for Filipino Airmen

Weldon Jones, acting High Commissioner in Manila sent a cable to Washington June 23 asking that help be accorded Antonio Arnaiz and Juan Calvo, Filipino airmen now attempting a Manila-to-Madrid flight, who were at Karachi in need of a permit to fly over Iran.

United Kingdom and the U.S. as Rival Aircraft Exporters

Statistics recently published in London show that the value of the United Kingdom air-craft exports during 1935 was the highest ever recorded, reaching a total of £2,721,441. This exceeded the amount for 1934 by £800,339, and that of the recorded year of 1929 by £562,774.

The exports of the United States during 1935 totalled £2,911,566, exceeding those of the United Kingdom by £190,125. In 1934, however, the American aircraft exports totalled £3,586,049, as compared with £1,921,102 by the United Kingdom, which is an excess of £1,664,947. An English pound is equal to five U. S. dollars.

Italo-Reich Air Accord Signed in Berlin

An Italo-German commercial aviation agreement for a duration of ten years was signed at Berlin June 26 by Gen. Giuseppe Valle, Italian Under-Secretary for Air.

China's Athletic Delegation Sails for Germany to Compete in Olympiad

China's athletic delegation to the Eleventh World Olympiad sailed from Shanghai for Berlin aboard the Italian liner *Conte Verde* June 26. The delegation, ocmposed of 40 officials and 80 athletes, including members of the basketball, track and field, and boxing teams, was seen off by a huge crowd of sports enthusiasts government officials and representatives from various local public organizations. Prominent among those present at the wharf to see China's athletes off were General Wu Te-chen, Mayor of Greater Shanghai, General Yang Hu, Commander of the Shanghai-Woosung Garrison, Dr. Chu Min-yi, former Secretary-General of the Executive Yuan, General Tsa Ching-chun, Director of the Bureau of Public Safety, and Pan Kung-chan, Director of the Bureau of Education. A group of 37 inspectors, headed by Gunson Hoh, Advisory Physical Director of the Ministry of Education, is accompanying the athletic delegation to Berlin. The party, according to Mr. Hoh, will make investigations of the progress of physical education in Europe after the conclusion of the Olympic meet.

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National Budget Given Final O.K.—Military Expenses Over 30%

The National Budget for the coming fiscal year, July 1, 1936, to June 30, 1937, was given final approval by the Legislative Yuan at an extraordinary session held at Nanking June 30.

With receipts and expenditures balanced at $990,658,450, the new budget was formally promulgated by the National Government July 1. The new budgetary estimates represent an increase of $32,610,000 in receipts as compared with the last fiscal year, and an increase of $29,368,586 in expenditures. Though registering a drop of over $23 million as compared with last year's on account of adverse effects of smuggling, Customs revenue still tops the list on the receipt columns of the new budget with $317,973,514.

On the expenditure side, military expenses amount to $322,019,200 or a little over 30 per cent of the total disbursements, showing a slight increase of $1,019,200 as against last year's.

The estimates as passed are balanced as follows:

REVENUES

Item	1936-1937	1935-1936	*Difference*
1. Customs	$317,973,514	$341,397,740	—$23,424,226
2. Salt	189,187,225	184,546,644	+4,640,581
3. Tobacco & wine taxes	16,987,395	21,768,735	—4,781,340
4. Stamp tax	11,300,000	11,458,332	— 158,332
5. Consolidated tax	132,796,117	114,541,645	+18,254,472
6. Mining tax	3,631,862	3,888,124	— 2 56,262
7. Stock Exchange tax	1,350,000	1,950,000	— 600,000
8. Income tax	5,000,000	5,000,000	
9. Banking tax	1,600,000	1,600,000	
10. Government property receipts	5,791,767	8,858,323	—3,066,566
11. Government enterprise receipts	21,201,531	20,865,283	+335,648
12. Government administrative receipts	10,901,232	11,204,693	— 303,461
13. Government business receipts	41,397,583	40,269,964	+1,127,619
14. Remittance from provinces & municipalities	3,198,000	3,768,000	— 570,000
15. Receipts from loans	125,000,000	70,000,000	+55,000,000
16. Miscellaneous	103,342,224	116,930,307	—13,588,083
Total	$990,658,450	$958,048,390	+$32,610,000

EXPENDITURES

1. Party	$ 5,419,080	$ 7,870,646	—$ 2,451,566
2. National Government	15,535,130	13,125,354	+2,409,776
3. Military	322,019,200	321,000,000	+1,019,200
4. Interior affairs	8,836,520	4,604,120	+4,232,400
5. Foreign affairs	9,690,234	9,651,736	+ 38,498
6. Financial affairs	64,515,566	66,426,732	—1,911,166
7. Educational and cultural affairs	44,339,962	37,504,011	+6,835,951
8. Judicial affairs	3,240,898	3,094,805	+ 146,093
9. Industrial affairs	4,226,447	4,940,382	— 567,491
10. Communication affairs	4,835,734	4,870,931	— 104,648
11. Mongolian & Tibetan affairs	2,320,766	2,870,931	— 550,165
12. Reconstruction affairs	53,110,221	36,390,890	+16,719,331
13. Subsidies	105,816,000	106,217,207	— 401,207
14. Loan service	5,664,704	4,936,679	+ 728,005
15. Loan service	239,037,908	274,803,279	—35,765,371
16. Capital fund for Government business enterprises	96,337,720	60,771,166	—35,366,554
17. Contingency fund	5,712,360	2,087,968	— 3,624,392
Total	$990,658,450	$961,289,864	+$29,368,586

How the Finances of Government-Owned Enterprises Stand

A report on the finances of Government-operated communications enterprises for the 24th fiscal year (July, 1935-June, 1936) was issued by the Ministry of Communications, June 25. The report deals with four phases of communications, namely, telegraphs, posts, shipping and air transportation.

Telegraph Administration:—With the operation of 13 lines, an income of more than $6 millions was earned by the International Radio service, while the receipts from Domestic Radio service were sufficient to cover expenditure. Owing to heavy operation expenses and the opening of new lines, as well as unpaid accounts owed by various Government and military organs, the Telegraph administration, however, still has a deficit of $10 millions.

Postal Administration:—The business of the postal administration was fairly satisfactory. Despite the construction of new post office buildings and the operation of new postal lines, a surplus is expected at the end of the fiscal year.

Shipping Administration:—Since its re-organization with J. K. Choy as Managing-Director, the business of the China Merchants Steam Navigation Company has been improving. However, on account of the needs for amortization of its loan obligations and payment of interest, and depreciation in the value of its land properties, the Company is still short of funds.

Air Transportation:—The businesss of the China National Aviation Corporation (Sino-American enterprise) has made good progress. Although a considerable sum has been spent on the purchase of laigers airplanes, laying out of new aerodromes and the institution of radio facilities, the Corporation has made some profit. However, the Eurasia Aviation Corporation (Sino-German concern), owing to paucity of traffic and the fact that its air routes do not touch many important and prosperous centres, has shown a loss during the year.

Treasury Official to Be Attached to Japanese Embassy in China

Minoru Inamori, of the Finance Ministry's Foreign Exchange Control Bureau, has been ordered attached to the Japanese Embassy in China. The *China Times* states that a new Japanese bank will shortly be established in Shanghai.

Japan to Open Banks in North China

Establishment of Japanese banks in North China is being planned by the Japanese Ministry of Finance, Treasury officials in Tokyo revealed June 23. The Tokyo Excheequer is also considering measures to strengthen the Banks of Formosa and Chosen, which at present transact a bulk of Japanese banking abroad.

Japanese Lend Five Million Dollars to Kwangsi

It is reported that in the name of the Ta Kwang Company, the Kwangsi Provincial authorities have concluded a $5 million loan with the Japanese. The loan agreement was signed by Huang Chung-yo, Provincial Commissioner of Finance for Kwangsi. Under the terms of the agreement, the Japanese authorities are to supply Kwangsi with 100,000 barrels of cement, 10,000 rifles, and 20 airplanes, the cost of which is to be deducted from the loan.

Old Subsidiary Coins to Be Withdrawn

Concrete plans for the withdrawal from circulation of old subsidiary coins are now being carefully studied by officials of the Ministry of Finance. Withdrawal of such coins which has hitherto been delayed is considered ripe at present because of the fact that the Central Mint at Shanghai is now able to turn out new nickel subsidiary coins at a rate sufficiently fast to meet the demands of the market.

Canton Dollar Breaks—Valuables Shipped to Hongkong

Reflecting the mounting fears of the Cantonese population of an early outbreak of hostilities between the Southwest and the Central government, the Cantonese dollar June 24 tumbled to $18.30 against Hongkong $10, a drop of $2.80. Prices of commodities are rapidly rising, while wealthy residents are shipping their valuables to Hongkong, fearing possible air-raids by Nanking airplanes.

New Subsidiary Coinage Counterfeited in North China

Large quantities of counterfeits of the new copper and nickel subsidiary coins, in the denominations of one, 10 and 20 cents, are in circulation in Tientsin. The Tientsin branches of the three Government banks—the Central Bank of China, the Bank of China and the Bank of Communications—and the Hopei Provincial Bank, as well as the Post Office have refused to accept the bogus coins, but the exchange shops in the Tientsin foreign concessions are reaping a profit by exchanging $1.08 of such counterfeit coins for one dollar legal tender.

A Tientsin message June 29 stated that new subsidiary coins of one-cent and ten-cent denominations, minted by the Tientsin Mint, will shortly be put into circulation in Hopei and Chahar provinces, including the municipalities of Peiping and Tientsin.

Anhwei Financial Commissioner Conusults Dr. H. H. Kung

Dr. H. H. Kung, Minister of Finance, received Yang Mien-chung, Provincial Commissioner of Finance for Anhwei, in Nanking June 25, when the Anhwei Provincial Budget for the 25th fiscal year (July, 1936-June, 1937) and the readjustment of the expenses for the upkeep of the militia units were discussed.

Hopei and Tientsin Face Huge Deficit

For the first six months of the 24th Fiscal Year (July-December 1925) a deficit of $8,000,000 was incurred by the Hopei Provincial Government and $2,000,000 by the Tientsin Municipal Government, it is learned from Peiping. In view of these large deficits, the Hopei and Chahar Political Council has instructed both the Hopei Provincial and Tientsin Municipal authorities to enforce strict retrenchment measures to tide over their financial difficulties.

International Gold Smuggling Ring Nabbed in Japan

Tokyo Police claim to have unearthed one of the biggest gold-smuggling rings in the country, in operation since 1933, with the arrest of eight Japanese. According to investigators, the ring managed to ship out to Shanghai more than 1,912.50 kilograms of the yellow metal, which netted them a return of $7,400,000. A Chinese, residing in Shanghai, is said to have been named by his Japanese accomplices as the master-mind in the scheme, which utilized Japanese, Chinese and Korean seamen to transport the gold.

Roosevelt Renominated for President; Garner for Vice President

Frank Delano Roosevelt was unanimously renominated for the Presidency at the Democratic National Convention in Philadelphia June 26. John Garner was renominated for the office of Vice-President on the following day. It was the first time in the history of the United States that both candidates of a political party were nominated and formally notified within 24 hours. President Roosevelt in a rousing speech accepted the renomination, saying, "I am enlisted for the duration of the war."

The United States, President Roosevelt declared in his speech of acceptance, enjoyed the fullness of life greater than that of most countries, but the rush of modern civilization had raised new difficulties and problems which had to be solved if they were to preserve the political and economic freedom for which Washington and Jefferson fought.

The main planks in the Democratic platform adopted June 25 are: The continued use of Federal powers against "malefactors of great wealth who defraud and exploit the people;" continuance of the electrical power program; extension of Federal housing; continuation of the Administration's farm program; protection of collective bargaining and the continuation of Federal machinery to arbitrate labor disputes; a balanced budget and reduction of the national debt through retrenchment of the tax and recovery program; continuance of reciprocal trade and the "good neighbor" policy.

Earl Browder Nominated as Communist Candidate for President

Democracy against Fascism is the issue in the 1936 American elections, instead of Socialism against capitalism, declared Earl Browder, secretary of the American Communist Party, in opening the quadrennial political convention of the party in New York June 24. Mr. Browder was nominated as the Communist candidate for President June 26.

Amendment to U.S. Shipping Act Abolishes Principle of Arrest for Desertion

President Roosevelt June 26 signed an amendment to the Merchant Marine Act abolishing the principle of arrest, imprisonment and other penalties for desertion, and assuring the abrogation of all treaty provisions relating to desertion from the merchant marine.

President Roosevelt Signs U. S. Ship Subsidy Bill

The U. S. Congress adjourned June 19, after passing a number of important measures, which President Roosevelt immediately signed. Prominent among them was the Ship Subsidy Bill, which provides for a subsidy of 50 per cent for ship construction and operation, and permits operators to borrow half of the remaining cost from the government at three and-a-third per cent interest. As passed by the Senate the bill provided for elimination of the present ocean mail contracts and provision for payment to ship lines on a poundage basis. Among the bills passed and signed by the President was his $800,000,000 tax bill, which was forced through at the last minute.

$1,250,000 in Gold Belonging to Swiss Firm Seized by U. S. Government

Federal officials, on information from Washington, June 22 seized $1,250,000 worth of $20 gold pieces which the Ubersee Finanz Korporation, a Swiss company, had deposited in a safe-deposit vault of the Standard Trust Co in New York. The company did not attempt to conceal its deposit of the gold, but claimed immunity from the provisions of the gold law on the grounds of being a foreign firm.

Senator Lewis Opposes Independence of Philippines

Senator J. Hamilton Lewis from Illinois, in a statement June 25, voiced his strong opposition to independence for the Philippines. He demanded that the United States "speedily correct its blunder in voting for the independence of the Islands.

U. S. Petty Officer and Japanese Charged with Violating Espionage Act

Thomas Thompson, a former petty officer in the American Navy, and Toshio Miyazaki, described as a Lieut.-Commander in the Japanese Navy, were indicated by a Federal Grand Jury in Los Angeles, June 25 on 19 charges of violating the Espionage Act and communicating information relating to national defense to Japan. Thompson is at present in prison, but Miyazaki is believed to have escaped to Japan before the opening of the investigation which the Grand Jury has been conducting into a leakage of confidential reports concerning Pacific Fleet Manoeuvers and secret details of battleship equipment.

Messages from Tokyo stated that Lieut.-Commander Toshio Miyazaki, named in the indictment, formerly served as an assistant naval attache in Washington and is now an instructor in the Naval Staff College in the Japanese capital.

CUSTOMS NOTIFICATION NO. 1524.

In accordance with Government instructions the public is hereby notified as follows:

(1) For the convenience of those wishing to give information regarding the transportation, sale, or storage of smuggled goods in writing, an "Information Box" for the receipt of communications will be found at each Custom House and its sub-offices and stations.

(2) Information given should state clearly—

(*a*) The name and address of the informant.

(*b*) Specific details regarding the transportation, sale, or storage of smuggled goods.

(*c*) The name and address of the individual, firm, or factory responsible for the smuggling.

(3) The names and addresses of informants will be treated as strictly confidential by the Customs.

(4) Information may also be given verbally, in accordance with existing practice, to a Custom House, its sub-offices and stations, or to the local police or military authorities.

(5) In the event that an "Information Box" is not available in a particular locality, information regarding the transportation, sale, or storage of smuggled goods may be transmitted by letter or telegram to the Custom House, Customs sub-office, or Customs station concerned.

(6) Reports concerning information will be opened personally by the responsible officer designated by the Customs at the Custom House, Customs sub-office, or Customs station concerned, and if informants are interrogated, it will be carried out secretly; further, when necessary, Customs officers will proceed together with the informant to the place where smuggled goods are reported to be stored in order to effect seizure.

(7) When smuggled goods are seized on information, informants' fees shall be issued to the informant concerned, after the seizure has been disposed of by the Customs, according to the new scale of informants' fees.

H. O. TONG,
Superintendent of Customs.
PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 26th June, 1936.

Must China Fight Japan?

The following are some of the main points covered in an article by H. J. Timperley in the current issue of "Asia" Magazine. Mr. Timperley is the China representative of "Asia" stationed in Shanghai.

Japanese military and political leaders have been obsessed at intervals by the urge to bring China under their sway, or at least to ram the idea of Japanese supremacy down the Chinese throat.

Today Japanese military pressure is being exerted upon China in a subtle but sure manner. In recent months, almost without moving a man, Japan has straddled Inner Mongolia, establishing at the same time a stranglehold over the key provinces of Hopei and Chahar.

Under cover of concealed, but effective pressure, steps have been taken to prepare the way for intensive Japanese economic penetration of North China and for the creation of a Japan-Manchukuo-North China economic bloc.

Two factors have been mainly responsible for a change in China's reaction to Japan's expansionist program. One is the Italo-Abyssinian conflict. Chinese newspaper readers have learned that somewhere in a remote corner of the African continent a relatively insignificant, backward country is staging, with inadequate resources, a spirited resistance against aggression by a major European power. And, sensing a connection between this resistance and the world-wide sympathy it has evoked for the Abyssinian cause, they ask: "Why can't we do what the Abyssinians have done? Are we worse equipped than they? Have we less spunk and spirit than they have shown?" The second factor is the feeling that the far-reaching concessions granted by the Chinese side last summer at great sacrifice to national pride, were made in vain and that the Japanese program will stop at nothing short of the virtual detachment from Nanking of the five Northern provinces—Hopei, Chahar, Shantung, Shansi and Suiyuan.

Dr. Hu Shih, China's leading philosopher, who wields a powerful influence among the younger Chinese, summed up the feeling of his countrymen on this point in a speech at an informal gathering of Chinese and foreigns which met recently in Peiping to discuss the future outlook for Sino-Japanese relations. "If," Dr. Hu Shih declared, "the Japanese had realized the importance of these concessions, if they had demanded a first-class civilian government for this region, if they themselves had withdrawn their troops outside the Great Wall, if they had actually made this region truly a 'demilitarized zone' in the best sense of the word—if they had done these things there might have been a chance of bringing about a peaceful settlement.

"But nothing of the kind was done. The Japanese militarists thought that these concessions were a sign of Chinese weakness, which they sought to utilize by making further advances both in Chahar and in East Hopei and by setting up the most corrupt political elements they could find—men, in some cases, who would be a disgrace to any nation—and calling it the 'Autonomous Government of East Hopei.' Moreover, it is generally known that what was once called the demilitarized zone is now being thoroughly armed with the most up-to-date equipment which the Japanese military can furnish. So that we now have a hostile regime under Japanese protection only ten miles outside the East Gate of Peiping!"

The Menace of the Three-Point Program

Even more menacing in Chinese eyes than the Japanese activities in the North is the three-point program vaguely but firmly put before the Chinese Ambassador in Tokyo by Foreign Minister Koko Hirota last September as a fundamental basis for the improvement of Sino-Japanese relations.

Firstly, Sino-Japanese cooperation against Communism. The effect of this would be to legalize in Japanese eyes the sending of Japanese troops to any desired region of China for the ostensible purpose of suppressing Communism—a term which undoubtedly would be used to cover everything regarded as anti-Japanese.

Secondly, China to abandon her traditional policy of playing off one power against the other. China would be obliged to agree to have no relations with any outside country except with Japanese consent and possibly under Japanese auspices.

Thirdly, settlement of outstanding questions between China and Manchukuo, and cooperation between China, Japan and Manchukuo in economic matters. Probably this would mean the formation of an economic bloc embracing the three countries and the extension of Manchukuo currency southward into North China.

The effect of these demands, if conceded, would be to reduce China to a position *vis a vis* Japan comparable to that of Egypt *vis a vis* Great Britain. The Chinese were given to understand, it is believed, that if they failed to comply they might expect the emergence along the coastal periphery, in the provinces of Shantung, Fukien and elsewhere, of autonomous movements, any attempt to suppress which would be resisted by Japan.

Most Chinese look upon the Hirota program as being merely a modernized version of the "Twenty-one Demands" presented to Yuan Shih-kai's regime in 1915. Determined opposition to it has been voiced by patriotic organizations throughout the country, by Kwangsi and Kwangtung political leaders as well as by intellectuals in Peiping.

A number of international factors are helping to force Gen. Chiang Kai-shek on to the horns of awkward dilemma:—either accepting on behalf of China the status of a virtual Japanese protectorate or refusing—at the risk of unofficial but none the less disastrous war with Japan. Great Britain obviously is too busy in Europe to show much active concern over Japanese aggression, while the United States, in addition to being preoccupied with a presidential election, appears definitely committed to a policy of withdrawal in the Far East. "We are on our way out," Nicholas Roosevelt, former Vice-Governor of the Philippine Islands, declared at a Foreign Policy Association luncheon last January, "and I do not see what can be done to stop it. We are moving toward a policy of 'Little America' again. We shall see in ten, twenty or thirty years a much more powerful Japanese Empire and we will regret that in 1935 America adopted a policy of scuttle in the Far East."

Little room is left for doubt that we may expect to witness during 1936 a rapid acceleration of Japanese activity on the Asiatic mainland, involving in the case of China proper an intensified pressure upon the central government at Nanking. The direction of this pressure undoubtedly will be along the lines of the Hirota program, which, as we have seen, amounts to nothing less than the conversion of China into a virtual Japanese protectorate. The vital question is, "What is China going to do about it?"

It is an open secret that so far as Chiang Kai-shek can be said to have any sort of a policy for dealing with the Japanese situation it is to play for time. If he has to fight a war with Japan—and there is a growing feeling in Nanking that war is inevitable—he wants it to be a successful one. He wants time—twelve months, at least—to complete his preparations for the coming test of strength, and at the back of his mind there lurks a wistful hope that meanwhile the international situation may take a turn favorable to China.

Of vital strategic importance, some observers feel, is the completion of the Canton-Hankow Railway, scheduled for official opening of through transportation from the Yangtze Valley to Canton early in May.

Of course every thoughtful Chinese realizes that a war with Japan would be a costly business, involving tremendous destruction and loss of life. Nobody has any illusions on that point—not even the Generalissimo, although he is said to believe that the might have a fair chance to win at the end. But it is felt that peaceful methods have been tried and have failed entirely to arrest Japanese encroachment upon Chinese soil. Now war offers the only alternative.

Bound up with the question "Must China fight Japan?" is another one equally vital and equally difficult to answer—"*Can* China fight Japan?" In terms of actual man power, human fighting material. If Chiang could count upon full cooperation from the Kwangtung-Kwangsi groups and from General Sung Cheh-yuan in the North, he might count an army of seven hundred and fifty thousand to throw against the Japanese. Against a force of this size the Japanese, if they contemplated invasion of China on a major scale, would be obliged to send ten or a dozen divisions, say one hundred thousand men.

The first move on the part of Japan would naturally be by the navy. Military operations on the part of Japan would probably be directed against three main theaters of action which may be roughly outlined as follows: First, provinces north of the Yellow River and south of the Great Wall: Second, the Yangtze Valley: Third, South China, embracing the Fukien coast and Canton delta region.

This is how the situation looks to foreign military experts on paper. But a large number of imponderables must be taken into account. Chiang has the men and, by now, should be reasonably well off for supplies. Will the Chinese army fight? This depends upon such incalculable factors as morale, discipline, organization and staff work which it is difficult to tell much about until the guns begin to shoot. Military experts agree that the Chinese *ought* to be able to do something effective against an invader, but then it ought to have been easily possible for the Chinese to defend Jehol. Past experience has shown that the Chinese soldier will fight, and fight well, if properly led. It must be left to the future to demonstrate whether or not Generalissimo Chiang Kai-shek has the ability to wield his heterogeneous units into an efficient war machine.

IF WE ARE FORCED TO WAR—

(A comment on the preceding article, by Dr. Hu Shih)

I have been for twenty-five years a pacifist and an internationalist. My pacifism stood the test of the "Twenty-one Demands" in 1915. Ten years later it stood the test of the anti-British movement. It also stood the test of the first three or four years of the Japanese invasion of Manchuria and North China. But I must confess that during the past six or eight months I have found my pacifism fading away. Japan is forcing China to fight—I can see no other way.

That does not mean that I advocate a war with Japan. Nor am I convinced that ultimately we should emerge victorious. The question "Must China fight Japan?" depends upon another question: "Can China find a peaceful settlement with Japan?" If we cannot get an affirmative answer to this other question we shall be driven

to the alternative of war. The policy of working for time, of waiting and of makeshift, is a very difficult one to pursue.

In the first place, there is no statesman in China great enough to take the responsibility of negotiating a peace with Japan—a peace that will be called fairly honorable.

Secondly, I do not think that there is statesmanship enough in Japan to negotiate a peace with China that will be acceptable to the Chinese people and will give us a breathing space for ten or fifteen years. And, after all, what is the object of peace? The object at least should be to give China, to give the Pacific and the Far Eastern region, a period of time in which to work out internal reconstruction.

It seems to me that the Japanese have gone too far in the prosecution of their so-called "continental policy" and I cannot see that anything is likely to divert them from their chosen course. The futility of the concessions made by the Chinese side last summer, as mentioned in Mr. Timperley's article, may be quoted as a concrete example to show the impossibility of further progress in that direction. It seems that the only other alternative is war. To those who have eyes to see, it is plain that the Chinese government is bending its efforts in the direction of war preparation.

The international situation which Mr. Timperley and others seem to find so discouraging gives many Chinese, on the contrary, a rising hope. There was, for instance, the peace ballot in England, where eleven million people voted to support the League of Nations and a vast majority voted in favor of armed sanctions.

I take off my hat to Generalissimo Chiang Kai-shek for his ability to keep China out of war during these past four years and more. It was a very difficult thing to do, and I am sure it must have been very hard to remain patient. It would have been far easier to fight. Even if regions are devastated, even if millions are massacred, even if territories are lost, people forgive all these things if they are done for the country. Nobody blamed the Nineteenth Route Army for the devastation of Chapei and they are still lauded as national heroes. But those few statesmen in Chinese history who negotiated a humiliating peace with an enemy nation are remembered as traitors. If you go to Hangchow and visit the famous tomb of the warrior Yu Fei, you will see in front of the tomb four iron figures kneeling, one of whom was Ch'in Kwei, who succeeded in negotiating a peace with the Nu-chen Tartars and thereby gave his country peace for a century. He has not been forgiven in seven hundred and fifty years. Only last year a textbook on Chinese history was suppressed by the central government because the author tried to reverse the traditional verdict; the book has now been revised and the arguments in favor of Ch'in Kwei have been withdrawn. These things show that it is easier to fight than to accept a humiliating peace.

Sir Frederick Ross's Visit to Far East Discussed in House of Commons

The interviews which Sir Frederick Leith-Ross, Chief Economic Adviser to the British Government has had with leading personalities of the Japanese Government and the Japanese Army was discussed in the House of Commons June 29. Under-Secretary of State for Foreign Affairs Cranborne said he understood that Sir Frederick was accorded a very friendly reception in Tokyo and was able frankly to discuss various problems, including the smuggling situation in North China and the Japanese policy there. Sir Frederick urged, in the course of the discussions, that effective powers to exercise their functions should be restored to the Customs authorities in North China.

Japanese Commercial Journal Hopes that Britain "Will Correct Its Views"

Hopes that the powers interested in China will "look correctly upon Sino-Japanese relations" and that the British Government will "correct its views" on China were expressed by the *Chugai Shogyo Shimpo*, Tokyo commercial daily, June 24 in an editorial commenting on the statement made June 22 by Sir Frederick Leith-Ross, British economic-expert. Sir Frederick's statement, the daily said, dealt only with economic questions and did not touch on politics. "While this may have been natural judging from Sir Frederick's mission as an economic expert, we must point out that, under present circumstances, one cannot look at China's economic problems without taking into account political questions," the paper said.

Insofar as protecting and "further expanding British interests in China, the journal opined, "Sir Frederick's views were correct. Moreover, there is nothing unnatural in Britain seeking our cooperation in aiding China.

"While we should not shirk from extending economic aid to China, it is only logical that the settlement of political questions should come first. Taken one by one, there would be no end to the various political issues, but, collectively, they all point to the need of unifying and pacifying China, strengthening her relations with Japan and to bringing about stability to the Far Eastern scene."

GEN. CHIANG KAI-SHEK PREPARES TO ENFORCE DISCIPLIE; FRESH SINO-JAPANESE INCIDENTS IN NORTH

(*Continued from page 162*)

panied by Lieut.-Col. Tan Takahashi, former assistant military attache in Peiping, who is now chief of the Chinese section of the Army General Staff, and who recently returned from a trip to the Southwest. In the northern city, Major-Gen. Kita will confer with Lieut. Gen. Hanichiro Tashiro and Major-Gen. Hisao Watari, director of the Second Bureau of the Army General Staff.

General Sung Cheh-yuen, chairman of the Hopei and Chahar Political Council, returned to Peiping from Tientsin June 29. It is understood that he is staying in the ancient capital only a few days, and will then make a further inspection trip to South Hopei, when he is likely to have another meeting with General Han Fu-chu, Governor of Shantung.

HAN FU-CHU RESIGNATION RUMOUR DENIED IN NANKING

The rumour that General Han Fu-chu has resigned his post as Governor of Shantung is officially denied in Nanking. General Han recently asked leave of absence for a fortnight, and this was probably responsible for the rumour. Liang Chien-chang, member of the Control Yuan, visited General Han on June 27 and left for Tientsin June 28 to interview General Sung Cheh-yuan, chairman of the Hopei and Chahar Political Council. The purpose of his trip is to explain the policy formulated by General Chiang Kai-shek for a peaceful settlement of the South-west crisis.

NEW JAPANESE AMBASSADOR PRESENTS CREDENTIALS JULY 3

It was officially announced by the National Government June 26 that S. Kawagoe, the new Japanese Ambassador to China, will present his credentials to Lin Sen, Chairman of the National Government, at 11.30 a.m. July 3.

INDEPENDENT MILITARY GOVERNMENT ESTABLISHED IN INNER MORGOLIA

According to *Shun Pao*, telegrams reporting the establishment of an independent military government of Inner Mongolia have been received in Kalgan. Prince Teh, Vice-Chairman of the Inner Mongoliann Political Council, is head of the new independent government. The object of the new government is to maintain friendly relations with neighbouring countries, maintain peace and order in Inner Mongolia and develop economic enterprises in the area.

Pao Yueh-chin, representative of Prince Teh, who went to Jehol some weeks ago, has recruited large numbers of Mongols for the organization of a Mongolian Army. It is reported that Mr. Pao has recruited 1,500 men during his visit to Jehol and attempts will be made again to recruit another 1,500 men. All the fighting weapons of these soldiers will be supplied by a certain country (Japan). According to well-informed political circles, the new independent Mongolian Government has five departments, namely the department of General Affairs, of War, of Finance, of Foreign Affairs, and of Communications. In addition, there is a department of Secretariat. Mr. Pao will be appointed Secretary-General of the new independent military government of Inner Mongolia, reported *Shun Pao* June 29.

With the death of Prince Su, Chairman of the Inner Mongolian Local Autonomous Political Council in Pailingmiao, Prince Teh, Vice-Chairman of the Council, is reported to have assumed the post as acting-chairman of the Council. According to people, who arrived in Kweihua recently from Pailingmiao, the situation in Inner Mongolia is most difficult. Prince Teh is facing a very difficult position. Wu Ho-lin, member of the Thibetan and Mongolian Affairs Commission, who went to Pailingmiao and stayed there, was very eager to return to Nanking, according to these people. However, he could not leave Inner Mongolia.

A number of Japanese advisers have been invited by Prince Teh, according to *Min Pao* June 29.

The report that an independent government had been established in Inner Mongolia under Prince Teh was denied June 29 by the Peiping representative of the Inner Mongolian Autonomous Council, according to *Reuter*.

Posthumous honours will be conferred on the late Prince Su, President of the Silingol League in Inner Mongolia, and the Nona Hutuketu, member of the Mongolian and Tibetan Affairs Commission, both of whom died of illness recently according to a decision by the Executive Yuan June 30. Five thousand dollars will be granted to each of the families of the deceased for funeral expenses.

FOUR WANG SHOOTING SUSPECTS COMMITTED TO PRISON IN HONGKONG

After a protracted trial, four Chinese, Yu Lap-fui, Chau Sai-ping, Wu Tai-hoi and Cheung Chu-on were committed by the Lower court to prison June 30, pending the pleasure of the Hongkong Government, on a charge of conspiring to murder Wang Ching-wei, former president of the Executive Yuan, at Nanking on November 1, 1935. This means that they will probably be handed over to the Central Government at Nanking. Yu Lap-fui is facing further charges of alleged complicity in the attempt on T. V. Soong's life at the Shanghai North Station several years ago.

Hostilities Along Fukien-Kwangtung Border Foreseen

BY THE REVIEW'S FOOCHOW CORRESPONDENT

PEACEFUL means for settlement of the Nanking-Canton dispute have been strained; but with the concentration of armies on both sides and with the throbbing of war drums, the outbreak of hostilities seems a certainty. To say nothing about the armed clash on the Hunan and Kwangsi frontier, war clouds are gathering along the Fukien-Kwangtung border. More than five divisions of Canton troops have concentrated at the Fukien frontier; they are building strong fortifications in Taipu, Newping, Chiaoling, Huangkang—Kwangtung districts near to Fukien. General Chiang Ting-wen, Fukien Pacification Commissioner, has put precautionary measures into execution with promptness and precision. Besides instructing the stationed armies in West Fukien to get ready in the event of emergency, Gen. Chiang has wired to Gen. Chen Chi-tang, Canton strong man, inquiring of the latter about the real intention of Canton in advancing troops. According to a report from a reliable source, the soldiers of the 52th Division and 37th Independent Brigade, garrisoned in Lungyen and Yungtin (West Fukien), are prepared to meet external attack. The families of military officers in the said division and brigade have started for Foochow via Changchow.

To reinforce the military strength of Fukien, Nanking will despatch two divisions of armies to West Fukien.

Suppression of Bandits

From past experiences, one knows that the bandits in Fukien are a source of great annoyance whenever and wherever a complicated situation prevails. To clear West Fukien of bandits that may prove a nuisance in case of hostility, military authorities are suppressing the bandits in Shanghang, Yungtin, and Tinchow.

A Secret Organ in Kulangyu

Since Kwangtung and Kwangsi armies moved into Hunan, the disgruntled politicians in Fukien have been extremely active. Lu Wei-sheng, an oversea Chinese connected with the Fukien militia, and his associates have established in Kulangyu (opposite Amoy) a secret organ. Attempts are made to organize bandits and to incite the militia to rebellion. Two companies of militia in Tehwa have revolted against their superiors and sided with Lu.

Owing to troop movements in Fukien and on the Kwangtung border, the people in Shanghang, Wuping, Shaoan and Yungtin (districts of Fukien near Kwangtung) are panic-stricken.

Chen Min-chu and Chiang Kwan-nai Despatch Agents to Fukien

Chen Min-chu and Chiang Kwan-nai, participators of the People's Government, have recently held several conferences with Generals Chen Chi-tang, Li Tsung-jen and Pai Chung-hsi. According to the *Min Pao*, they have lately despatched their agents to West and South Fukien for summoning their former subordinates and for instigating the Fukien militia to join their side. Certain former officials of the Nineteenth Route Army, it is said, have disguised themselves as merchants and left Fukien for Canton. Others have formed intelligence organs in Foochow and Amoy.

Gen. Chiang Ting-wen Appeals for Reinforcements

The Kwangtung armies, concentrating on the border of Fukien, are the First Independent Division, the Seventh Division, the Eighth Division, the Ninth Division, and the Twelfth Division. Two additional divisions, stationed in Tungkiang (East Kwangtung) will march toward Fukien in case of necessity. In view of the menacing situation, Gen. Chiang Ting-wen has appealed to Generalissimo Chiang for immediate despatch of reinforcements to stem the advance of Southern armies.

Gen. Chiang Ting-wen Will Summon a Military Conference

The central armies, garrisoned in West and South Fukien, are the Ninth Division, the Fifty-second Division, the Eightieth Division, the Seventy-fifth Division, the Sixth Independent Brigade, the Thirty-ninth Brigade, and the Sixth Regiment of Peace-Preservation Corps. Gen. Chiang Ting-wen will summon a conference of high military officials to discuss defensive measures. The Third Division, it is reported, will be despatched to West Fukien.

Canton Troops Steal a March into Fukien

The Canton armies are making warlike preparations along the Fukien-Kwangtung border. At daybreak on June 25, a party of Canton troops stole a march into Yungtin and Shanghang, frontier districts of Fukien. They retreated to their posts as soon as they found that Fukien garrisoned soldiers were on the lookout.

On the Eve of the Second Plenary Session

The Second Plenary Session of the Fifth Central Executive Committee of Kuomintang is scheduled for July 10. Whether hostilities will break out between Nanking and Canton prior to the convening of the Session we are not in a position to forecast; but we feel assured that should Nanking and Canton not go to war before the beginning of July, the Second Plenary Session might afford an opportunity for settling the Nanking-Canton dispute without recourse to arms.

Since the Southwest uplifted the banner of anti-Japonism, public opinion has been for a united front and against separatist movements. Though sympathizing with the cause espoused by the Southwest, public opinion regrets Canton's separate action. Public opinion deprecates internal war, is intolerant of civil strife.

What with the impending doom of China, what with the dreadful fate of her people, the whole nation is seething with indignation because of Japanese aggression. The Chinese people favor concerted, strong action toward Japan and look to Nanking for leadership. Resistance to Japanese aggression, which is deep and settled in their hearts, should be the rallying point. The only way to avert civil war is to present a united front against China's aggressor. The Second Plenary Session, it is hoped, will discuss definite plans regarding the carrying out of a strong policy toward Japan.

Commissioner Liu Sze-mei Proceeds to Nanking

Three high officers of the Manchuria Railway Company have come to Foochow to confer with provincial authorities about sale of Fukien surplus salt to Japan. Liu Sze-mei, Fukien Salt Revenue Commissioner, has gone to Nanking to make a detailed report and ask for instructions concerning the aforesaid affair.

Chungan Falls Into Hands of Bandits

With the garrisoned soldiers despatched to East Fukien, Chungan, an important city in North Fukien, fell an easy victim to bandits. The bandits, with Huang Lih-kwei as ringleader, raided the city on July 22. The magistrate Yang Yung-li fled. To suppress the bandits, the Headquarters of the Peace-Preservation Corps hurriedly sent troops to the spot.

June 26, 1936.

Shanghai Municipal Council Approves Factory Inspection Agreement

An issue which really started in the year 1925 (the year of the May 30 incident) was settled last week when the Shanghai Municipal Council approved the draft of an agreement providing for factory inspection in the International Settlement. The details of the pact were made known simultaneously by Secretary General O. K. Yui of the Municipality of Greater Shanghai and Secretary General Stirling Fessenden of the S.M.C.

The following are the details of the draft agreement:

1.—The Shanghai Municipal Council under authority delegated by the Chinese authorities agrees to apply in the International Settlement those portions of the Factory Act together with the by-laws and regulations in connection therewith which are enforced in Chinese Territory and which are agreed upon in negotiation from time to time.

2.—An inspectorate shall be established within the Council which shall consist of equal numbers of inspectors nominated by the Chinese Authorities and by the Council.

3.—The inspectors shall have the following qualifications:—(*a*) Knowledge of the Chinese and English languages; (*b*) knowledge of the Chinese Factory Law and its application; (*c*) knowledge or experience of any of the following:—

Industrial Chemistry, Building Construction, Sanitary Engineering, Electrical Engineering, Mechanical Engineering, Statistics or other experience of use in the work required.

4.—All inspectors shall serve a probationary period of six months before confirmation of appointments.

5.—Remuneration of inspectors shall be upon the basis of qualifications and experience.

6.—The inspectorate shall function in accordance with the Chinese Factory Inspection Laws.

7.—Enforcement of Chinese Factory Laws in cases of delinquency shall be by proceedings in the Courts.

8.—The Council agrees to report to the Chinese Government upon a practical basis to be agreed upon.

9.—This Agreement shall remain in force for a period of three years subject to termination thereafter by either party upon giving six months' notice to the other party.

In the year 1925 the Shanghai Municipal authorities, acting on the suggestion of Dame Anderson and other British social workers, tried to secure legislation to introduce a child labor by-law. The Chinese mill owners and the Chinese community generally opposed the idea, not because there was objection to it in principle, but because it was introduced as a "foreign" measure." The Chinese community apparently felt that the time had arrived for it to make its power felt, as it did shortly afterward in the May 30 incident itself. The special Ratepayers Meeting which had been called to enact the child labor legislation failed to attract a quorum.

In the intervening years the Chinese authorities themselves have enacted factory legislation and particularly during the past five years negotiations have been going on for the enforcement of these Chinese regulations in the Settlement. The opposition to the idea came mainly from the Japanese factory owners.

It may be added that the next step is the *enforcement* of the regulations, to which end the Chinese authorities will continue negotiations. The *Central News Agency* stated that while the Chinese municipal authorities would shortly submit the agreement to the Central Government for approval, it is understood that further discussions on the pact may be necessary in view of the opposition of local Japanese circles.

Who's Who in China

鄭貞文字心南
Cheng Tseng-wen

Cheng Tseng-wen, educator and Government official; born at Changloh, Fukien, 1881; was graduated from Northeastern Imperial University, Japan, with B. Sc. degree; has successively served as professor and dean of Amoy University; chief compiler and translator of the Compilation and Translation Bureau of the Commercial Press, Shanghai, and concurrently head of the Physics and Chemistry Department; expert compiler and examiner of the National Compilation and Translation Bureau; chief member of the Committee for the Compilation and Examination of Translations of Chemical Terms attached to the Ministry of Education; chief member of the Committee for the Compilation of a Standard Curriculum for Normal Schools; Chairman of the Fukien Civil Service Examination Committee; member of the Five-Province Special Education Committee attached to the Provisional Headquarters of the President of the Military Affairs Commission; director of Special Education of Fukien; now member of the Fukien Provincial Government and concurrently Commissioner of Education; address: Department of Education, Fukien Provincial Government, Foochow, Fukien.

鄭貞文字心南，福建省長樂縣人，年四十五歲，日本東北帝國大學理學士，曾任私立廈門大學教授兼教務處主任，上海商務印書館編譯所總編譯員兼理化部部長，國立編譯館專任編審，教育部聘任編審化學譯名委員會主任委員，師範課程標準委員會主任委員，福建省高等普通檢定考試委員會委員長，軍事委員會委員長行營五省特種育委員會委員，福建特種教育處處長，福建省政府委員兼教育廳廳長。

Do You Suffer From Insomnia?

"Slumber guaranteed," says the bed salesman, but he does not reckon with insomnia. The most perfect bed-springing, or the softest mattress, cannot cure insomnia when it arises from causes beyond the control of mere mechanical ease.

Chronic insomnia is generally the result of nerve trouble or faulty digestion, and in either case the root cause is due to the blood being deficient in both quality and quantity. The nerves derive their strength from the blood; rich, red blood is what they require to enable them to stand the stress and strain of everyday life. Digestion too, is dependent upon the blood for the nourishment it needs to perform its important functions properly.

Thus, the only sure way to overcome insomnia and to restore natural health—giving sleep is by tonic treatment through the blood, just such as given by Dr. Williams' Pink Pills, which rapidly create pure, rich, red blood in abundance.

When this blood is coursing through the veins fresh energy is imparted to the whole nervous system, and a general toning up of all the fibres and organs of the body takes place. Digestive disorders are corrected, and sound refreshing sleep restored.

Begin a course of Dr. Williams' Pink Pills if you have reason to believe that your blood is impoverished; they will surely do you good, and you will be delighted with the feeling of well-being they produce. Obtainable from chemists everywhere.

CUSTOMS NOTI ICATION NO. 1525.

The public is hereby notified that the following rules have been approved by the Government in connexion with the issue of informants' fees:—

(1) When seizures of smuggled goods are effected by the Customs on information, five-tenths of the proceeds obtained after disposal of the seizure by the Customs are to be issued to the informant concerned.

(2) When smuggled goods are seized and handed over to the Customs by various organisations or by the military or police authorities (including railway police), five-tenths of the proceeds obtained after disposal of the seizure by the Customs are to be issued as informants' fees to the organisation or military or police authorities concerned.

(3) When smuggled goods transported or sold by a firm or factory are seized by the Customs on the strength of information supplied by employees of the firm or factory in question, five-tenths of the proceeds obtained after disposal of the seizure by the Customs are to be issued to the informants concerned.

(4) When the military or police authorities (including railway police), at the request of the Customs, assist the latter in seizing smuggled goods, one-tenth of the proceeds derived from the seizure is to be issued to the military or police authorities concerned.

H. O. TONG,
Superintendent of Customs.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 26th June, 1936.

In the United States Court for China

In re.	Cause No. 4075
Last Will & Testament of	Special Proceedings No. 1953
	NOTICE
FRANCIS WILEY GILL	Filed at Shanghai, China, June 10, 1936.
Deceased	Wil iam T. Collins, Clerk L. T. Kenake, Asst. Clerk

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of FRANCIS WILEY GILL, deceased, to present the same with vouchers to the undersigned on or before December 13, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

M. P. WALKER
Executor
c/o American Church Mission
152 Minghong Road

Shanghai, China.
June 10, 1936.

Men and Events

Hans Berents was formally inducted into office as President of the Shanghai Rotary Club June 25, succeeding A. Morley, editor of the *Shanghai Times*.

The sixth annual meeting of the Chinese Statistical Society was convened in Nanking June 26 with more than 200 members and representatives of various Government organs present.

William DuBois Thorne, United States Vice-Consul in Singapore, was drowned June 25 when a motor-boat in which he was riding overturned off the coast of Sumatra.

Dr. and Mrs. W. K. Nance, Dr. and Mrs. Dana W. Nance and Dr. Francis Nance were joint hosts at a large buffet supper and dance party in the residence of Dr. and Mrs. W. K. Nance on Route de Sieyes, Shanghai, June 26.

The third annual meeting of the Sino-Polish Cultural Association was held on Nanking June 25 with more than 50 members present, including Dr. Wang Shih-chieh, Minister of Education, and Georges Barthel de Weydenthal, the Polish Minister.

W. R. Leete of the American School in Kuling will succeed John D. Hayes as acting principal of the College of Chinese Studies, Peiping, when the latter goes home on leave. Mr. Peete will serve as acting principal through the College's summer term, from June 29 to July 31.

Heizaburo Ando, member of the Tsinan Japanese Residents' Corporation and a merchant in said city was murdered in his bed during the night of June 23 by four Chinese bandits. Before departing, the outlaws seriously injured his wife and a young Chinese servant.

Steamship lines are reporting the heaviest passenger traffic from the United States to the Orient in their history. The N.Y.K. s.s. *Taiyo Maru* sailed from San Francisco, June 22 with 341 first and second-class passengers, the largest list ever to leave any port of the Pacific Coast.

Miss Lucy B. Abbott, who was a member of the nursing staff of the Peiping Union Medical College from 1920 to 1923, (and since then superintendent of a hospital in Norwich, Conn.) was married on May 1 to Dr. Henry M. Pollock, superintendent of the Massachusetts Memorial Hospital, Boston, Mass., since 1916.

Dr. Hu Shih, Professor of Chinese philosophy at the Peking National University, will receive an honorary degree from Harvard University on Sept. 18. A Harvard bulletin stated that Dr. Hu is "an outstanding authority in the fields of Chinese poetry and philosophy, and a leader in a notable movement in Chinese experimental poetry."

In connection with the charges of corruption brought against him, Dr. J. Heng Liu, Director of the National Health Administration, June 26 invited Pan Hsu-lun, well-known Chartered Accountant in Shanghai, to proceed to Nanking to audit the accounts of the Administration during the years of his administration.

An exhibition of the paintings of Professor Liu Hai-su will be held on the premises of the Sun Department Store, Nanking Road, Shanghai, from July 1 to 15, open from 9 a.m. to 8 p.m. each day. The exhibition is being given under the patronage of Dr. Tsai Yuan-pei, President of Academia Sinica and General Wu Te-chen, Mayor of Greater Shanghai.

Dr. Karl Bachart, a German, his Jewish wife and their two small children, who were forced to flee from their home in Munich, were found dead from gas in a sealed room in Valencia, Spain, last week, following a suicide pact. The hounding of the family by agents of the "Gestapo," German secret political police, caused the tragedy, according to the Madrid *El Liberal*.

Mrs. Walter Williams, widow of the former dean of the school of journalism of the University of Missouri, who passed through Shanghai on her way from Peiping to the United States, was entertained at a tea party at the Park Hotel June 28, the hosts being Messrs. J. B. Powell, M. J. Harris, J. R. Morris, M. E. Votaw, Hollington K. Tong, P. Y. Chien and David Lin.

A farewell tea praty was given in honor of Dr. and Mrs. Charles E. Patton of the American Presbyterian Mission in the Mission compound in Shanghai June 26. Dr. and Mrs. Patton will sail for America on July 14 in the s.s. *President Coolidge*. Dr. Patton has been connected with the American Presbyterian Mission since 1899 when he first came out to China to join the South branch of the Mission.

Captain Earl Mattice, from the Command and General Staff School at Fort Leavenworth, and Captain Samuel H. Fisher of the 77th Field Artillery at Fort Sill, Oklahoma, have been selected to succeed Captains B. A. Tormey and H. S. Jernigan in the office of the U. S. Military Attache in Peiping. Captains Tormey and Jeringan are sailing for the United States on July 28. Their successors are due in November.

M. E. Naggiar, the new Frech Ambassador to China, arrived in Shanghai June 29 from Marseilles. He was greeted by members of the French Consulate-General, the Consular Body and the Settlement Administrations and Chinese government officials. Following exchanges of formal greetings with the welcomers, M. Naggiar inspected a Guard of Honor on the French Bund, which was heavily guarded by French Concession police.

Under the leadership of Lieut.-Generals Tsao Fu-lin and Chien Shu-tang, Commanders of the 29th and 81st Divisions, a group of 340 military officers above the rank of Major attached to the 3rd Route Army under General Han Fu-chu, concurrently Chairman of the Shantung Provincial Government, arrived in Tsingtao from Chefoo June 24 for a sight-seeing trip. They were welcomed by Admiral Shen Hung-lieh, Mayor of Tsingtao.

Roy W. Howard, June 23, announced his relinquishment of the chairmanship of the board of directors of the Scripps-Howard Newspapers. Simultaneously, Robert P. Scripps, president and editorial director of the Scripps-Howard Newspapers, announced the selection of William W. Hawkins as chairman of the board to succeed Mr. Howard. Mr. Howard will continue as chairman of the executive committee of the newspaper chain and as editor of the New York *World-Telegram*.

Judge Milton J. Helmick dismissed a claim brought against the American Securities Corporation by Morris Zimmerman in the U.S. Court for China June 27. The case occupied the attention of the court all day on Wednesday, when Zimmerman, represented by Messrs. W. C. Watson and C. S. Franklin, asked for judgment in the amount of $30,000, which he said represented one per cent. commission which was promised him if he secured a loan for $3,000,000 from the Chartered Bank of India, Australia, and China.

The U.S. distroyer *Whipple* arrived here from Manila last week after repairs of an unusual character carried out in the naval dry dock at Carite. Following a collision with the destroyer *Smith Thompson* in April, both vessels were so badly damaged that it was decided to join the bow of the former vessel to what was left of the *Whipple*, an operation which was successfully carried out. The remaining portions of the two vessels were discarded.

A largely attended reception took place at the Foreign Y.M.C.A. in Shanghai June 26 to say farewell to Mr. and Mrs. George Fitch, who are soon to leave Shanghai. The reception was given by the Board of Trustees and staff of the Foreign Y.M.C.A., and invitations were sent to all the members of the Y.M.C.A. and of the Women's Sports Section, in addition to a large number of personal friends. Mr. Fitch will take charge of the Nanking branch of the Y.M.C.A. after spending a holiday in North China with his family.

Salt from the Changlu fields in Hopei province will be bought at the rate of from 50,000 to 60,000 tons a month, beginning Aug. 1, by the Japanese Salt Monopoly Bureau, Kinjyo Kawanishi, chief of the revenue section of the bureau, told his colleagues at a meeting in Tokyo June 29. Mr. Kawanishi had just returned from a month's trip to North China. About 400,000 tons of salt are now in storage at Changlu, assuring an ample supply for several months. The importation will be handled by the Mitsubushi and the Iwai firms.

Interviewed June 30, Chang Shui-chi, until recently manager of the Oriental Travel Service, denied press reports that he refused to hand over his duties when he was recently discharged by the Peiping-Liaoning Railway Administration. Mr. Chang explained that since his appointment to the post of Secretary of the Ministry of Railways last Winter he has been in Nanking. Upon receipt of instructions from the Pei-ning railway of his dismissal, Mr. Chang said, he immediately wired to his subordinates at Shanhaikwan to hand over their duties.

Edward M. P. Chao, or Chao Mei Pa as he is known in the United States, returned to Shanghai this week after an absence of seven years. He had just closed a successful concert tour in the Middle West. Mr. Chao was connected with Broadview College, Illinois, where he did some teaching work in singing. His last activity was in Chicago before the Conference of 450 Women's Club Presidents and also in the American Conservatory of Music, Chicago. In Chicago Mr. Chao was entertained by Robert T. K. Keh, the Chinese Counsul General and Mr. and Mrs. G. H. Wang, the vice Counsul in Chicago.

New Translation Service Edited by Fang Fu-an

A new translation service entitled "Chinese Opinions on Current Events" has been started by Gine L. Chiao with Fang Fu-an as editor. The office of the translators is at 504 Ave du Roi Albert, Shanghai. The first batch of translations covers Sino-Japanese problems, the silver situation, the League of Nations, and foreign troops in North China.

$750,000 Appropriation for New U.S. Consulate General in Shanghai Still Available

U.S. Consul General Gauss last week received a telegram from Washington to the effect that the $750,000 appropriation for the new Consulate General building to be erected on the old site in Whangpoo Road will be available until expended. However, no information is so far to hand as to when tenders will be called for. Government architects at Washington are now going over the plans and it is ir licated that certain changes in the plans as originally drawn up are to be made.

American Embassy Not to Be Formally Removed to Nanking as Yet

A report from Peiping to the effect that the United States Embassy would be formally removed from Peiping to Nanking in August was characterized by Willys R. Peck, Embassy Counsellor in Nanking, June 29, as being not entirely correct. Mr. Peck explained that though new buildings for the Embassy are now under construction in the Capital and are to be completed in the middle of August at a site to the west of the Drum Tower, the seat of the Embassy will remain unchanged. The new group of buildings, Mr. Peck stated, will house the present staff of the Embassy in Nanking, but the new premises include a residence for Nelson T. Johnson, American Ambassador. Completion of the new buildings, Mr. Peck emphasized, does not denote a formal removal of the Embassy from Peiping to Nanking.

The *Central News Agency* had previously stated that the removal of the American Embassy from Peiping to Nanking would take place sometime in August next when the new Embassy building would be completed in the Capital.

British to Remove Embassy to Nanking

An announcement that the British Embassy in Peiping would be removed to Nanking, was made in the House of Commons June 29 by Viscount Cranborne. Viscount Cranborne declared that the British Government considered that the time had now come for this change, and they intended, subject to the provision of necessary funds by Parliament, to remove the Embassy to Nanking as soon as fitting premises could be erected there. The British Charge d'Affairs, he added, was now negotiating for the acquisition of a suitable site in Nanking.

People's Economic Reconstruction Association Inaugurated at Nanking

The People's Economic Reconstruction Association was inaugurated in Nanking this week. Supplementary to the New Life Movement, which aims at the spiritual rejuvenation of the nation, the People's Economic Reconstruction Movement is designed to bring about China's economic revival, both being the brain-work of Generalissimo Chiang Kai-shek.

Training of personnel for economic reconstruction work and relief of unemployment among the educated class, according to announcements made, will constitute the first step on the program of the new Association. The program also includes assistance to the Central and local authorities in the planning of economic projects, training of economic workers, study of various subsidiary vocations for industrial workers, promotion of farm products and industrial activities and encouragement of native goods consumption.

Japanese to Build Woollen Factory in Kalgan

The Japanese Manchurian and Mongolian Woollen Company has decided to build a woollen factory in Kalgan. The factory will have a capital of $3,000,000. Construction of the factory will be started in October. A number of Japanese experts have been sent to Kalgan to make a general investigation of the economic conditions of the area for the building of the factory.

Korean Government to Breed More Sheep

Plans to make Korea one of the wool-producing centers of the world by breeding 500,000 sheep in ten years, as contrasted with the present total of 1,070 sheep, were revealed by the Korean Government-General June 26. The plans will be carried out beginning with the next fiscal year.

Sheep-Breeding Firm to Be Formed in Manchukuo

As a direct result of the commencement of Japanese-Australian commercial hostilities, the Tokyo Government June 26 revealed its plans for the formation of a large ship-breeding concern in Manchukuo, in collaboration with industrial and financial interests. The suitability of the new Empire's grazing lands for the breeding of wool-bearing sheep has already been established by the Manchukuo-Japanese Sheep-Breeding Foundation, capitalized at Yen 2,000,000.

The Japanese Cabinet has approved the plan of Dr. Ogawa, Minister of Commerce, to mix staple fibre (artificial wool) in the manufacture of the uniforms of the Army and Navy, Railways Ministry and students, etc. Efforts shall also to be made to encourage rayon manufacturers to change over on staple fibre manufacture. In addition technical researches are to be encouraged so that an effort may be made to obtain staple fibre from animals as well as from pulp, as Italy has done.

Australia will find it to her advantage to open negotiations on the settlement of the present commercial controversy with Japan "at the earliest possible moment," E. E. Longfield-Lloyd, Australian Trade Commissioner in Tokyo, was told by the Gaimusho's Bureau of Commerce June 28.

The Chilean Government has decided to accept Japan's invitation to dispatch a trade mission to the Island Empire, reports received from Santiago June 28 stated.

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New Books of Interest in the Far East

Defects in the U. S. Navy

Is the Navy Ready? By Francis Russell Bichowsky, Ph.D. N.Y. The Vanguard Press, 1935. xiv, 323 pages. U.S. $3.00.

While this book may be cold comfort to the tax-payers of the United States, it should lull the hearts of those who have feared or deplored the growing navalism of the United States. Here are cited examples of incompetence, poor preparation and education, personnel weaknesses and mechanical inadequacy which would seem journalistic extravagance were it not for the persistent quotations from writings and speeches of naval officers. Nor is the expose a sudden disclosure. These weaknesses have been known for years and openly commented upon by naval officers in their professional journal or in senatorial investigations. It is impossible to dismiss the accusations of such leaders as Admiral Sims and Admiral Luce.

The author, Dr. Bichowsky, has had ample opportunity to know whereof he writes. For seven years he was superintendent of a division of the U.S. Naval Research Laboratory where his duty was to invent, develop and test new devices for naval use and to test and improve old devices. In the course of this duty he had access to all classes of navy ships and observed all classes of naval equipment in use. The author came to the conclusion that the situation in the navy was so serious as to threaten defeat for the navy and the nation in event of war. He considered the material weaknesses as but minor symptoms of weaknesses of organization and training of a more fundamental type. After a "misguided attempt" to make improvement, (which would seem to have been part of his official duty) he was forced to resign from the navy. One need not, however, fear to find only the author's personal opinions; the opinions of the naval leaders quoted are matters of public record.

The American navy is obviously intended to maintain national policies, such as freedom from invasion, freedom of the seas for American shipping, the Monroe doctrine. To accomplish this object it needs the power to destroy enemy ships. "Is the navy ready to carry out its prime purpose?" asks the author. And his answer is negative.

The book starts with a section explaining the evolution of the different types of ships, their modifications for fleet operations and the need to withstand new types of weapons. There is a discussion of naval strategy and of the sea and land personnel of the navy. Much emphasis has been laid upon training of officers, and the author quotes eminent authorities to prove that weakness in training is a fundamental cause of entire naval ineffectiveness. The criticism begins with the congressional method of appointment and goes on to show that in comparison with the better American universities and technical colleges the curriculum of the Naval Academy is narrow, too technical and short-sighted, and that the courses are taught by unskilled, inexperienced teachers.

Illustrative material is taken from the tactics of Lord Jellicoe at Jutland, as given in his own book, The Grand Fleet. In contrast with the American navy, the German navy is cited. This German navy with its rapid progress in material and training is admitted by the Engineer-in-Chief of the French Navy to lead the world in the art of getting most military value out of a given sized ship. The value of naval research is so evident that it would seem unnecessary to debate the point, yet in the United States the Naval Research Laboratory was practically reduced to a government testing bureau after the war.

The conclusion to which the author comes is that a reorganization of the United States navy is necessary, and that such a reorganization must come from outside the navy itself. As Lord Haldane once remarked, "Things military must be learned not from the generals but from the philosophers."

F. M. R.

A Doctor Tells of His Work

Doctor of the North Country, by Earl Vinton McComb, M.D. Thomas Y. Crowell Company, New York, 1936. 238 pages.

These stories are the plain unvarnished narratives growing out of a doctor's every-day practice. They touch life at every angle of the doctor's work: the swift judgment demanded in emergencies; the instant response to distant appeal; the long, careful attention to chronic complaints. Then there are stories of mental cases, imagined ills and diseases never understood by the sufferers. We see the varied panorama of a doctor's life and we admire the devotion demanded and loyally given by the profession.

The faults we find with this book are its wide margins and few pages. We would have enjoyed it more had there been more of it!

G.B.S.

A History of the Canton Hospital

At the Point of a Lancet: One Hundred Years of the Canton Hospital, 1835-1935. By William Warder Cadbury, A.M., M.D., F.A.C.P., Superintendent of the Canton Hospital, and Mary Hoxie Jones. Shanghai, Kelly & Walsh, Ltd., 1935. 304 pages, illustrations. $5.00 Chinese currency, postage $0.25. Foreign postage $1.00.

The political crises through which China has passed in the last hundred years are reflected in this history of the Canton Hospital, through which western medicine was introduced into China. It was fitting to give this title to a book which describes a western way of approach to China not known before 1835. "The coming of Peter Parker to Canton one hundred years ago makes an epoch in the missionary spirit in modern times," says Rufus M. Jones in his introduction. Dr. Peter Parker was to open "the gates of China at the point of a lancet when European cannon could not heave a single bar." The Canton Medical Missionary Society founded by Colledge, Bridgman and Parker to care for the Canton Hospital was the first medical missionary society in the world. The names of the first directors and some of the life members of the society show a working together of Britons, Americans and Chinese, business men and missionaries; Lancelot Dent, Robert Inglis, William Jardine, J. Matheson, Framjee Pestonjee, Captain Elliot, D. W. C. Olyphant and the Hong merchant Howqua.

From the general statement of objects and prospects of the society may be seen the spirit which underlay their work:

> "Until permitted to publish openly and without restraint the truths of the Gospel, neglect not the opportunity of freely practicing its spirit. Scatter to the utmost its fruits, until welcomed to plant the tree that produces them—the tree of life."

From the time of its origin in 1838 until 1930 when the Canton Hospital came under the Directors of Lingnan University, this Medical Missionary Society remained the governing body of the institution.

Among the men and women who labored in the Canton Hospital, the authors have emphasized the three doctors who directed the destiny of the hospital before the individual management was replaced by the system of staff management. These three men were Dr. Peter Parker, Dr. John Kerr and Dr. John Swan. Dr. Peter Parker opened his ophthalmic hospital with no assistant, no nurse and no dispenser. His determination to found a medical institution in China for training Chinese was accomplished with the opening by Dr. Kerr of the South China Medical College. There more than 200 young men and women received their training, the first Chinese doctors who were to break down the prejudice against western medical science.

Of Dr. Kerr, Dr. James L. Maxwell of the Lester Institute writes,

> "Of the outstanding figures of the Canton Hospital of those early days, Dr. J. G. Kerr impresses one as the most remarkable, not only on account of his individual ability but because of his statesman-like views. A surgeon of preeminence whose practice would easily rival the best in the West in those years, his activities extended over the field of education and its corollary the translation into Chinese of leading medical textbooks."

The work of Dr. Swan comprised that of a physician, surgeon, superintendent, business manager and all other activities concerned with institutional life. But he was incapable of delegating authority to others, with the result that his colleagues were unable to work with him. It was after his resignation that the plan of management was changed. An interesting story was told of Dr. Swan by Professor Harvey Cushing of the Yale Medical School. When Dr. Swan was visiting in Boston he attended a clinic held by the professor of urology of Harvard Medical School.

> "Having completed an operation for removal of stone in the bladder, the professor announced: 'That, gentlemen, completes the eighty-sixth operation performed by me for vesical calculs.' As he left the room someone pointed out to him Dr. Swan sitting on one of the benches and remarked, 'That man has removed more than two thousand bladder stones in China!'"

Among the distinguished sons of the Canton Hospital is numbered Dr. Sun Yat-sen, who studied there during the year 1886 under Dr. Kerr. According to Dr. Lei Tsai-Leung Sun Yat-Sen had already started on his plans for the reform of China while at the Canton Hospital. He left Canton because he was a considered a dangerous character on account of his incessant planning for the overthrow of the Manchus. Dr. Sun later became the first graduate of the Hongkong Medical College in 1892.

The organization of the book is not entirely to be commended, but the material makes it an absorbing book for anyone interested in the growth of an idea, in the spread of western medicine in China or in Christian missions.

F. M. R.

A new issue of the Information Bulletin, under the title "Technical Co-operation Between China and Geneva," has just been published by the Council of International Affairs, I San Tiao Hsiang, Drum Tower, Nanking. It contains a summary of the joint efforts undertaken by the National Government and the League of Nations for promoting reconstructive measures in this country and cementing the ties of cooperation between Nanking and Geneva.

An Australian Cattleman's Narrative

The Cattle King, by Ion L. Indriess. Angus and Robertson, Ltd., Sydney, 1936. 354 pages. Illustrated with two end maps.

"The Struggles of a Stock Raiser" might be a sub-title for this book which traces the life and achievements of Australia's cattle king.

The story is written in an interesting manner, but its reticences often annoy. In the beginning, we follow the silent foot-steps of a lad, "barely thirteen," who is running away from home and mother to seek adventure and renown. We are never told any more of his home nor of the reasons he had for leaving his mother in this way. His already formed habit of appraisal of stock as well as his aptitude in picking the brains of any chance associate are mentioned from his earliest youth. Probably the truth was that he developed these faculties from small beginnings. Our author infers that he possessed them at thirteen.

Any one who wishes to know the ins and outs of Australian cattle raising; drought, its causes and menace; the uncertainties of market and the dangers of hold-overs can find them all here. The tune is varied though played on one string.

The hero as a young lad starts out on horse-back for the town of Kapunda and beyond. He later falls in love in that town, marries and lives there. Still this place is not located on either of the two maps in the book. We never do know exactly where it is. Though there is a great deal in the text about rivers and the need for water, neither streams nor water-sheds are shown in these maps. There are other vital omissions, but we do have the story of a vigorous, wholesome life which shows the drama of cattle-raising as few volumes have done. After reading the book we should have a considerable insight into Australian resources and limitations.

G. B. S.

Mexico Issues Brochure on Social and Economic Problems

The Ministry of Foreign Relations of Mexico has sent to Shanghai copies of a brochure entitled "The Mexican Government in the Presence of Social and Economic Problems." In it the religious question, the President's reply to the memorial from the employers, and Mexico's improving economic position are discussed. Copies of the brochure may be had on application to Mauricio Fresco, Consul.

Alfred C. T. Li Discusses Japanese Domination in Shanghai

The Council of International Affairs at Nanking has issued in brochure form a treatise by Alfred C. T. Li, entitled "Japan Seeks to Dominate Shanghai." The author cites numerous examples showing the moves which Japan is making to gain control of the richest port in China. For practical purposes the Japanese already consider the Hongkew section of the town as their own. The Japanese have continuously frustrated the retrocession of the outside roads and in many other ways have shown their hand. The opinion is expressed that so long as neither China nor the Powers concerned in Shanghai are willing to have any open hostility with Japan over the local issue, public opinion will be the only effective means of checking the Japanese advance.

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How Japan Handles Cultural Diplomacy

BY YEN YING LU

Into her many complicated pending issues with China Japan has again injected a cultural question. Just as if China were not being embarrassed enough with such troubles as the Japanese garrison increase in North China, smuggling, and the ronins, Japan has even shown a joyous mood in proposing cultural cooperation with China. As has been recently reported, the Japanese Government is contemplating the establishment of a number of Japanese libraries, cultural societies, and industrial research organizations in this country. And it was further reported by Reuter from Tokyo on May 18 that the Japanese Foreign Office had decided to increase its annual budget for the extension of Japanese culture in China to 4,000,000 yen. With this appropriation the Foreign Office will push forward the three plans: (1) the establishment of chairs for teaching the Japanese language at all Chinese universities; (2) economic and cultural cooperation with private organizations in China; (3) the creation of Japanese cultural libraries throughout China.

These plans would be welcome, if they were to be realized on the basis of genuine cultural exchange. Though China has no urgent need for Japanese culture, which is for the most part Chinese in origin, yet she might even profit by an increasing knowledge and enjoyment of those good things which a progressing and enterprising sister-nation has to give. It must be recognized, indeed, that cultural relations between the two countries have been of very long duration, dated as far back as the Tang dynasty. The most effective links for keeping constant the cultural chains between them are the Chinese students, who have gone to Japan to study in ever greater numbers than to any other country. As a purely cultural enterprise the establishment of Japanese libraries in China would be a great help for Chinese as well as Western students in their study of Japanese literature.

History has convincingly proved that the community and interdependence of interests between China and Japan has drawn much of its inspiration and cohesion from their racial and cultural affinities. There may be transient flurry of political disputes and blare of armed strife between them; but it is their mutual cultural intercourse that has produced those permanent values, both material and spiritual, for the advancement of human welfare. Yet for the present whether the relations between the two countries can be improved through cultural channels depends upon the real object of the Japanese cultural plans. If they can be carried out in a spirit of fairness and reciprocity, without the least complex of domination of one side by the other, then they might be expected to contribute toward cementing Sino-Japanese friendship with stronger cultural ties than ever. But if the projected cultural enterprise be abused as a screen, behind which Japan would be eager to pursue her objective of interfering in China's domestic affairs, then it would mean further infringement of China's sovereignty in a cultural disguise, and it would be better if the Japanese cultural plans had never seen the light.

Now, the mention of these cultural proposals from Japan should bring us to a careful consideration of what is known as cultural diplomacy. The fact that Japan in recent years has been engaged in this kind of diplomacy with persistent efforts should put China on her guard in order to hold her own at the same game. Cultural diplomacy, along with the so-called "power diplomacy," and "dollar diplomacy," hails from the West. The Germans, French, and Britons all have been most actively engaged in this kind of diplomacy to propagate their cultures. In this field of international activity, Soviet Russia has been the latest contestant, but is perhaps the most successful on the strength of its new ideals and new vigor. But as an apt pupil of Western science and ways of doing things, Japan has even surpassed the Western countries in cultural diplomacy. It is by this means that she has been enhancing her prestige and advancing her national interests. Indeed, the Japanese people have in recent years been showing a quick sensitiveness to any criticism or misconception that happens to be voiced by the foreigner with regard to things Japanese. This remarkable fact is that all Japan, both Government and people, seems to be affected by a keen and sometimes nervous concern in pushing on cultural propaganda in other countries.

An Indication of the Japanese Temperament

An incident which happened not very long ago may be taken as a straw to inidicate the Japanese national temperament in this regard.

In September, 1935, the Japanese press made the most of a news item that a foreign newspaperman visiting in Japan had intimated that he did not know rotary machines are manufactured in Japan. This profession of ignorance, however casual or unintentional it might have been on the part of the foreigner, at once drew forth a flurry of reaction from the Japanese people as a shameful slur on their cultural achievements. They thought that the defective cultural policy as conducted by the Government was to blame for the foreigner's ignorance. Even the officials of the International Cultural Bureau seem to have come under fire, because, as was alleged, they had not been equal to the task of checking up on every bit of ignorance or misjudgment which foreigners may pass about Japan. Trivial as this incident was, it showed that obsession with military power is not the only pride among the Japanese. They also take an absorbing interest in making their own culture understood from A to Z by foreign peoples.

The work of reenforcing Japan's cultural relations by diplomacy has been undertaken with the hearty and effectual support of the Japanese Government. That the latter has been closely concerned in cultural publicity work is indicated by the fact that the Japanese Ministry for Foreign Affairs is made the motive power for setting afoot plans along this line. Under the Ministry there are two organs principally engaged in regulating and facilitating Japan's cultural relations. They are: the Cultural Enterprise Department and the China Cultural Enterprise Investigation Commission. The latter is composed of 25 member including the chiefs of the Departments of the Ministry, together with the Foreign Minister as its chairman. Besides, as reported last year, another plan was contemplated by the Ministry for the establishment of an International Cultural Bureau, and for this purpose an appropriation to the amount of 1,858,000 yen had to be included in the Budget of 1936. This Bureau will be wholly devoted to the task of encouraging and promoting Japanese cultural enterprises in foreign countries, thereby not only realizing a better understanding and interpretation of Japanese culture there but also helping to improve foreign relations in connection with trade.

On May 6, 1936, speaking before the Japanese Diet on foreign relations, Mr. Hachiro Arita, the Japanese Minister for Foreign Affairs, made special reference to Japan's cultural relations. He was of the opinion that the knowledge and appreciation of one another's culture is essential to the promotion of amity and good understanding among the nations. Since 1934, he declared, the Japanese Government has given its support to various international cultural enterprises and has encouraged their expansion. Besides, the activities of the Cultural Work Bureau have been carried on as hitherto in China. As a result, a marked growth of interest in the study of things Japanese has been recently shown in foreign countries.

It was asserted by the Minister that the Japanese Government shall continue to foster the enterprises in the field of Japanese culture in order to advance the cause of international understanding and human well-being. Other oriental countries in general and China and Manchuria in particular are given the closest attention by the Japanese Foreign Office with a view to the expansion of Japanese culture since these countries afford an easy accessibility to its influence on account of their ethnical likeness and geographical propinquity to Japan. As declared by Mr. Arita, it is the plan of his Ministry "to improve and expand the various facilities and institutions now under the auspices of the Cultural Work Bureau for fostering cultural cooperation between Japan, 'Manchukuo,' and China, as well as contributing to the advancement of the world's civilization through the dissemination of the noble and profound culture of the Orient."

Some time in March, 1936, Mr. Ken Yanagisawa of the Culutural Affairs Bureau of the Japanese Foreign Office stated in an interview with the representative of *The Japan Advertiser* that it would be timely for Japan to give serious consideration to the negotiation of special treaties with foreign countries in order to regulate Japan's cultural relations with them. These relations, he averred, have been advanced to such an extent as would necessitate the taking of this step. Such treaties would meet a timely need for Japan in systematizing and regulating the large number of proposals which have originated in Japan and foreign countries to provide for mutual cultural activities.

As a matter of principle, cultural exchanges among nations should always transcend national boundaries, because they are peaceful and constructive in their object, contributing to enrich or beautify the lives of humanity, irrespective of nationalities. For this reason, such undertakings between the nations as the study of each other's literature, arts and culture in general should be kept constant and independent of international politics. But it has been realized only too well that this is not actually the case. Political frictions between two countries often upset or interrupt their cultural relations. A certain case in point was cited by Mr. Yanagisawa in the course of his interview though he did not go into details as fully as could be desired. A certain foreign Government had invited a Japanese professor of note to be a visiting lecturer on Japanese affairs at one of its universities. Acting upon this request, the Japanese Foreign Office at once arranged with the foreign Government for the professor to take up the lectureship. But it happened shortly afterwards that certain political differences arose between the Governments of the two countries, and in consequence the original arrangements had to be cancelled.

International cultural exchanges, to be stable and effective, therefore, must be carried out with the aid of diplomacy. It is now realized by most Governments that their cultural relations are among the most valuable and abiding means of cultivating international understanding and good-will, and as such they form a field of national activities worthy of governmental support. What is more, those Western countries that have been affected by beliefs in their racial superiority and Pan-nationalism all regard the propagation of their own cultures as one of the most effective measure for increasing their national prestige or even spreading their political influence.

The Propagation of Culture

Now in most countries there always exist private organizations or associations which are principally engaged in conducting cultural intercourse among them. As a rule these organs receive regular support and subsidy from their respective Governments. But, besides thus encouraging and reenforcing the work of the private individuals these Governments have also on their own initiative negotiated with other Governments conventions or treaties, whereby mutual cultural activities between their countries are systematized and regularized. Italy, Austria, Hungary, Poland, Czechoslovkia, and Russia are some of the countries which have definite arrangements regulating their cultural relations. Then thanks to the League of Nations, considerable work has been accomplished in the way of international cooperation in cultural activities. Thus international cultural relations are now being conducted more and more in a regular and organized, instead of a haphazard, manner,

As Mr. Yanagisawa advocated, the negotiation of treaties for the regulation of cultural relations can fulfil the following two-fold objects: 1. the mutual cultural activities between two countries can be systematized so that they may be made more effective; 2. their cultural exchanges are regulated in such a way as may allow them to continue in spite of political differences which may arise and irritate the feelings between the two countries. Mr. Yanagisawa urged that the Japanese Government should not lag behind other Governments in the matter of advancing Japanese culture in foreign countries.

One field of cultural intercourse with other countries which Japan has been conducting more frequently is the exchange of students and professors. As these persons are intellectual mediums for better understanding of Japanese culture by foreign peoples, their activities have become so wide in scope that they are beyond the means of private undertaking. It requires the protection and supervision of their own Government to make their status permanent and satisfactory.

Early this year (1936), as reported by *The Japan Advertiser*, the Japanese Foreign Office received, through Mr. Setsuzo Sawada, the Japanese Consul-General in New York, a proposal from the Institute of International Education, requesting for regular exchange of graduate students between Japan and U.S.A. The Institute asked the Japanese Government to supply information with respect to facilities for American students in such recognized Japanese institutions as the Imperial University, and in return the Institute was prepared to place Japanese university graduates in any of the leading colleges and universities in U.S.A. Mr. Yanagisawa also informed the press that a query had been received by the Japanese Government from the Persian Government, requesting for information to be supplied as to what accommodations and facilities for study exist in Japan for foreign students. This indicated that Presia probably was contemplating sending students to Japan, and also revealed in Japan the timely need for some organized channel of cultural relations.

From Mr. Yanagisawa we also learn that a proposal to Japan for an exchange of professors came from Australia recently in March. The proposal specified that the length of stay for the professors should be about three months and that Japanese scholars were

lecture at the Universities of Melbourne and Sydney on subjects of practical value such as economics, sociology and diplomacy. It recommended Professor D. B. Copeland of the University of Melbourne and Professor R. C. Mills of the University of Sydney as candidates to occupy chairs in Japanese universities. The establishment of a regular exchange of professors between Japan and the Philippines was also under consideration. Although no definite arrangements have been concluded, Dr. Minoru Toyoda, professor of literature at the Kyushu Imperial University, was recommended as Japan's representative in the University of the Philippines. On account of its proximity to the islands, the Kyushu University desires to provide special courses in its regular curriculum for Filipino students.

Judging from these proposals, it may be said that the Japanese Government has lately come to realize the want of a regular organization in Japan specializing in cultural exchanges with foreign countries. The Japanese Foreign Office therefore has to temporarily take care of this work until some regular organs for this purpose are established. Acting upon the numerous proposals received from many foreign Governments, the Foreign Office has been making a special study of the student exchange question. According to *The Japan Advertiser*, it took the first step preparatory to establishing a regular exchange of students with foreign countries by sending instructions to its representatives abroad to investigate the ways and means whereby other Governments are handling this kind of international cooperation. Then the need has been felt for the provision of a special fund to be devoted to this purpose. It was reported that a part of the fund, 1,000,000 yen, given to the Cultural Affairs Bureau for this fiscal year would be allotted for the work, in addition to private donations which may have to be solicited. Thus there is every reason to expect that an organization entrusted with the conduct of Japan's international relations in education will be established, in which both official and private bodies will have to cooperate. Mr. Koki Hirota is reported to be one of the most ardent supporters of these international activities.

The Society for International Cultural Relations in Japan has also done good service in "boosting" Japanese culture abroad Last year the Society planned new seminars in the autumn (1935) with the object of enabling foreigners visiting Japan as well as those who remain in their own country to pursue their study of things Japanese with a minimum of difficulty. The Society is now also working on a plan, whereby foreigners studying Japanese culture will be occasionally given opportunities in Japan to present the results of their studies before groups of Japanese scholars. The object is to provide these students with a chance to bring their writings under the review of recognized Japanese authorities in all fields of learning so as to check upon their possible errors and also to assist them in their researches.

This plan is said to be welcomed by foreigners pursuing knowledge of Japanese culture. It is certainly worthy of adoption by other countries. It can do away with a drawback in the international transmission of ideas that is not peculiar to Japan. The study of one country's culture by the people of another is beset with linguistic and psychological difficulties. But the worst trouble with which the Japanese people have been concerned is that many foreigners, having studied in Japan, have published papers upon returning to their own countries and have made gross errors of fact therein. With their wide circulation in the press, credence is generally given to such writings, thus leading to misunderstanding of Japanese affairs and things. In fact it is not Japan alone that has suffered from such mis-representation, inadvertent or wilful, as displayed on the international literary market. Think of the mass of nonsense that has constantly cropped out from the pen of those foreigners who pretend to know everything about China just by virtue of their transient travel or sojourn there. The sooner such pretensions are exploded, the better for the mutual understanding and good-will among nations.

Another work undertaken by the Society with notable success is sending missions to foreign countries in which there exist large Japanese communities and with which trade relations mean much to Japan. On such missions, the Society's representatives who are either diplomats or educational leaders, have accomplished much publicity in the way of promoting Japanese culture in Latin America and Australia. Moreover, the betterment of Japan's cultural contacts there has also contributed to a happy solution of other issues with respect to trade.

Thus, evidently Japan has been eagerly bent on advancing her culture in foreign countries. Her recent cultural proposals to China not only are quite in keeping with her cultural diplomacy but show up impressively the true colors of her endeavors. There is every indication that Manchuria will be used by Japan as a main gateway through which to direct her cultural penetration, and North China will undoubtedly feel its acutest effect. Most likely this cultural invasion will be proceeded with along educational lines. The opening of Japanese libraries, the teaching of the Japanese language and the engagement of Japanese professors in Chinese universities, and the revision of Chinese school text-books to Japanese liking, are some possible steps contemplated. These steps will be taken with the object of inspiring the Chinese youth with what the Japanese have concocted as "Pan-Asianism" and "Sino-Japanese unity."

It is high and critical time that China should pay close attention to what Japan has been accomplishing by way of cultural diplomacy. Even in this field of international activity China must be vigilantly prepared so that she may maintain her position against Japanese competition and meet Japan's cultural advances on equal terms. For China has to contend with a rival far superior to her even in cultural propaganda that is just as essential to national greatness nowadays as military forces and material wealth.

Nanking, June 19, 1936.

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The Late Hu Han-min—An Appreciation*

BY MEI CHI-TSUNG

With the passing of Hu Han-min, Chairman of the Standing Committee of the Central Executive Committee of the Kuomintang, in Canton, May 12, China is bereaved, within a comparatively short space of 11 years, of another brilliant and illustrious character in her national life.

No one, I think, who is at all familiar with the history of contemporary China, can, with justice and impartiality, deny Mr. Hu's claim to greatness both as an individual and as a statesman. For the political history of China, during the last thirty-five years, is, in its main trend, the history of the Kuomintang; and the history of the Kuomintang, again in its main trend, revolved itself about the life work of a great leader and, in many respects, an equally great disciple: the immortal Sun Yat-sen and the now immortal Hu Han-min.

It was the brilliant and energetic mind of Hu Han-min that did so much to help the practical genius of Sun Yat-sen in organizing the Hung Meng Hui, the first revolutionary society, which later flowered into the present Kuomintang. It was again Mr. Hu who, since the death of Dr. Sun in 1925, became, directly or indirectly, the guiding genius and a living force behind the Koumintang administration. In the early days, whether in China or abroad, his revolutionary activities have always been premeated by that true spirit of the Revolution which had its seat in the heart of Dr. Sun Yat-sen; and in the later period of his career, whether in active office in Nanking or in retirement elsewhere, he had never once, through word or action, misinterpreted the real meaning of the teachings of his Leader in order to further his own political fortune. Thus, at an age of 58, he has left behind him well over twenty years of unswerving devotion to a great leader, and an immeasurable service to a cause as noble and great as any which command the allegiance of men.

Having said this much, let me hasten to add that it is very difficult, if not impossible, for the ordinary man at the present moment to appraise the real significance of the thirty eventful years into which was encompassed Mr. Hu's political life. Great acheivements need a great historian to elucidate them; and the acheivements of Hu Han-min will need a Gibbon or Macaulay to do them full justice for permanent preservation. As time revolves, no doubt his contribution to the Chinese Revolution will be justly evaluated by posterity, his place in history will be properly recorded; but until that has been done, the least the present generation can do is to register its due appreciation of this great man.

Hu Han-min was born at Panyu, Kwangtung, in 1878. His early youth had been entirely immersed in classical studies, for which he showed unusual precocity and industry. At the comparatively young age of 25 he passed his examinations for Chu-Jen degree (equivalent to M. A.). Thus, from a life of quietness and serenity, the young scholar stepped into a world of tumult and discords. The Manchu Empire, which had long been impotent, was at this very moment showing its last vestige of life. With moral disintegration fast preceeding within and foreign aggressions pressed persistently from without, society, which had long been moribund, was beginning to exhibit an exuberance of restlessness and impatience which an enslaved society was bound to exhibit at such a time. The collapse of the whole imperial structure was dangerously imminent. It was under these circumstances that politics—politics for a regenerated China—became the main interest of Hu Han-min's life. And as the state of affairs in the country became daily more hopeless his interest in politics began to take on a revolutionary aspect and soon translated itself into open agitation against the tottering Imperial Government. He issued political pamphlets upbraiding the helplessness of the imperial authorities; he wrote damaging editorials against Kang Yu-wei's Monarchist Movement; he agitated for a new order of things; he advocated changes which few of his time would dare to advocate.

In 1905 he went to Japan for further studies. There he fell in company with the eminent Dr. Sun Yat-sen, to whom he was strongly attracted. Thus, marks the beginning of a life-long association of two of the most illustrious personalities of modern China, and the budding of a friendship the personal attachment of which reads strangely like a chapter from the Book of Romance.

While in Japan Mr. Hu played an active part with Dr. Sun in organizing the Hung Meng Hui, of which he became Secretary-General of its Executive Committee in Tokyo.

The years 1907 and 1908 found him busily engaged in organizing the Hung Meng Hui among a small group of compatriots in Singapore. In 1909 when Dr. Sun sailed for America, he was entrusted with full power to direct and to control the affairs of the Party. With the overthrow of the Manchu Empire in 1911, he was appointed Military Governor of Kwangtung; and from that time on, he had, at one time or another, occupied a seminal place in the scheme of new China.

The year 1912 saw the establishment of a republican form of government in Nanking, with Dr. Sun as its First Provisional President. With this short-lived Provisional Government Mr. Hu served as Secretary-General to the President's Office. Between the years 1912 and 1916, the affairs of the Party once more claimed his whole attention, having been engaged at this time in directing the political affairs of the Party and in editing several Party papers.

When the Military Government was formed in Canton in 1917, the key position of Secretary-General to the Generalissimo's Headquarters was given to him.

With the establishment of the Constitutional Government of the Chinese Republic, Mr. Hu was appointed as Chief Counsellor; and when Dr. Sun organized the Northern Punitive Expedition in 1921, he became Secretary-General of the Generalissimo's Headquarters and concurrently served as Director of the Political Affairs Department. In 1924 he was appointed Governor of Kwangtung for the second time. In the same year when the affairs of the Party called for immediate readjustment, he was entrusted, in company with Messrs. Wang Ching-wei and Liao Chung-kai, with the responsibility of effecting a general reorganization of the Kuomintang.

At the First National Congress of the Kuomintang in 1924, he was elected as member of the Central Executive Committee, and later as member of its Standing Committee. In the same year when Dr. Sun left Canton with the Northern Punitive Expeditionary Force, Mr. Hu became Acting Generalissimo and Acting Chairman of the Political Council.

During his long association with Dr. Sun Yat-sen, Mr Hu enjoyed and deserved the unquestioned confidence and trust of his Chief as few of his contemporaries ever did. In the early days of the Revolution, whenever circumstances compelled Dr. Sun to leave the actual scene of operation, it was always Hu Han-min upon whom the Great Leader called to act in his place; and after Dr. Sun's death, it was Hu Han-min who, often in face of great adversity, insisted on the practical application of Dr. Sun's principles as the only safe road to national salvation.

His influence upon the intelligenzia of the Kuomintang has been wide and profound. And with the institution of the Standing Committee within the Gentral Executive Committee as the highest governing organ of the Party, membership in that august body seemed to have been his by hereditary right, having been elected as member of the Standing Committee successively in 1924, 1926, 1929 and 1935.

In 1927, with the establishment of the National Government in Nanking, he played an active role in assisting General Chiang Kai-shek in that memorable movement which purged the Kuomintang of all the undesirable elements and thus gave the Party a new vision, a new hope, and a new energy to carry out the tremendous programme of national reconstruction and readjustment with which it was confronted. In 1928 he was appointed the First President of the Legislative Yuan when the principle of Five-Power Constitution was put into operation.

In whatever capacity he was called upon to serve, whether as a leader in the Party or as a high official in the Government, his service has always been symbolized by those qualities which made Dr. Sun Yat-sen such a noble and beloved character. Always mindful of Dr. Sun's principles, everything he did was, in fact, an interpretation of those principles.

The last post to which he was called upon to serve, strangely fittingly enough, was the highest post he was ever called upon to serve—nay, the highest post any Kuomintang member can aspire to serve—, that of the Chairman of the Standing Committee of the Central Executive Committee. But before he was able to assume office the cruel hands of fate overtook him and put him in an untimely grave!

Such, in brief, is the record of great acheivements of a great man. One more word about his official life.

His official life, in its course of well over a quarter of a century, is a clean, open book, into which no one can inscribe any blemishes, and from which everyone may well learn a lesson on the true meaning of the word service. Honesty was his chief creed; corruption his chief antagonist. Notwithstanding of the fact that he was holding, at one time or another, one of the highest offices of the land, it is well established that he died comparatively poor.

Always preferring solid achievement to superficial and transient displays, he was not, to use an American phrase, a spectacular figure. He was sociable so long as sociability was not carried to excess; but once it became synonomous with vanity, he would quietly retired himself to his caligraphy and his poetry. It has been repeatedly said of him that he was at times too tenacious in his official view. But tenacity of view is, after all, one of the chief characteristics of any great statesman.

His life-long devotion to Dr. Sun Yat-sen and to the things Dr. Sun fought for is of the noblest character. From the moment of that memorable meeting in Tokyo to the moment when he breathed his last breath, the thing uppermost in his mind was Dr. Sun's principles. If one were to look for an incident in history in which such noble devotion is displayed by one individual to another, the names of Karl Marx and Frederick Engels immediately suggest themselves—though Marxism, it is fair to emphasize, is as far from Sun-Yat-Senism as the earth from the stars. Perhaps, just as the cosmopolitan idealism of Marx and Engels began to emit a ray of hope for the working class only after a lapse of a hundred years, the practical principles which Sun Yat-sen and Hu Han-min advocated will, against the horizon of time, shed a luminous trail for this long struggling nation.

Hu Han-min's Death Message to the Nation—As a result of a sickened constitution I was recuperating my health abroad. But at the repeated solicitations of the Fifth Plenary Session of Kuomintang I endeavored to come back with the hope of helping to save the country by a vigorous policy of resistance to foreign aggression. Since my return, however, I see a steady increase of alien power on the one hand, with no practical preparations for resistance on the other. On being sadly disappointed my sickness becomes worse with the increasing perturbation, which leaves little likelihood for my recovery again.

I have followed Dr. Sun Yat-sen more than thirty years for revolutionary purposes, and I sincerely believe that his Three Principles for the People is the only means for saving the nation. Through a careful analysis of the present situation I hold that there can be no Government of the People without a war with Japan; no Government by the People without overthrowing the autocratic rule; and no Government for the People without clearing the country of all the red brigands. I sincerely hope that the faithful members of the party will keep up their efforts in order to finish the noble task of national salvation as adopted by Kuomintang.

Cotton May Only Be Imported Through Shanghai After Aug. 1

The Ministry of Industry June 29 announced that beginning from August 1 next, Shanghai will be the only port of entry for foreign cotton. All imported cotton, it is further ruled, shall be subject to the inspection of the Government Merchandise Testing Bureau in Shanghai. The above step is taken, is was stated, because of the discovery of a number of insect pests in imported cotton recently and that arrangements for the establishment of Cotton Testing Bureauxs in places other than Shanghai have not yet been completed.

Hengyang to Be An "Experimental Area" Under Guidance of James Yen

Hengyang (Hengchow) in Central Hunan, which recently figured prominently in the newspapers in connection with the Liang-Kwang situation, has now been made an "experimental area" for the promotion of self-government.

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Shanghai, June 30, 1936

Demand selling rate on America:	U.S. $1.00=Sh. $ 3.34
Demand buying rate on America:	U.S. $1.00=Sh. $ 3.29
Demand selling rate on London:	£1.0.0=Sh. $16.84
Demand buying rate on Londod:	£1.0.0=Sh. $16.58

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July 1, 1936

Stock Exchange— Business Done:-

Tatal Volume: 820,000 Shares

1935-36 High	1935-36 Low	Div. $ per sh.	STOCKS	Last Sale June 29	Last Sale June 30
13⅞	9⅝	0.10	Adams Express	11⅝	11⅝
134⅝	115¾	4.00	American Can	131⅝	130½
40⅜	29¼	0.60	Amer. Cyanamid "B"	34⅛	33⅞
9⅝	6½	—	American & For. Power	7	7⅛
43	29⅝	—	American & Foreign Pwr. $7 pfd.	38¼	33½
27⅜	18⅝	—	American Radiator	19½	19⅛
178	149½	9.00	American Tel. & Tel.	166⅝	167½
104	88⅛	5.00	American Tobacco "B"	99¼	98⅞
25¼	19⅛	—	American Waterworks	23	23
39¾	28	0.25	Anaconda Copper	34⅛	33⅝
86⅝	59	2.00	Atchison, T. & S. Fe	75½	76
54¼	27	—	Auburn	28⅛	27¼
24¼	15⅞	—	Baltimore & Ohio	18½	18⅛
63⅜	45⅜	—	Bethlehem Steel	50⅞	50⅛
26½	16⅞	—	Boeing Airplane Co.,	21½	20½
16	10⅞	—	Canadian Pacific Railway	12⅝	12⅝
183¼	92½	—	Case, J. I.	177½	175
47⅞	34	1.40	Chase National Bank	43⅝	44⅛
74½	59	3.00	Chesapeake Corp.	72¼	73
61	51	2.80	Chesapeake & Ohio	59⅜	59½
111¼	85½	4.00	Chrysler	111¼	113
21⅝	14	0.40	Columbia Gas & Electric	19⅛	19
24⅝	14¼	0.60	Coml. Solvents	14⅜	14⅞
5½	2¼	—	Commonwealth & Southern (ord.)	3⅛	3¼
38⅝	27¼	1.00	Consolinated Edison	34⅜	35
15¼	11½	0.25	Consolidated Oil	13⅛	13
38½	28¼	87½	Continental Oil	31	30¼
82	68½	3.00	Corn Products	79	79⅝
75⅝	50⅝	0.75	Douglas Aircraft	61½	57⅝
152	133	3.60	Du Pont de Nemours	147½	149⅞
25½	15⅜	—	Electric Bond & Share	21⅛	21⅜
41⅞	34½	1.00	General Electric	38	37½
43	33⅜	1.80	General Foods	41⅞	41½
71	53⅞	2.00	General Motors	66½	66⅝
50	32½	1.00	General Railway Signal	33¼	34
21⅜	14	0.60	Gold Dust	14⅛	13⅜
31⅞	21⅜	—	Goodyear Tire & Rubber	24½	24½
76½	57¼	1.00	Humble Oil	62	62½
54¼	43¼	1.00	Internation Nickel	49⅜	49½
19¼	12	—	International Tel. & Tel.	14⅛	14
41⅝	28¼	1.00	Kennecott	39¼	39
54⅞	43	2.00	Loew's Inc.	49	48⅝
26½	21¼	1.20	Lorillard	22⅞	22⅞
103	80⅜	1.00	Monsanto Ch mical	93½	94
45⅜	35⅜	0.20	Montgomery Ward	44⅞	43¾
41⅞	31	1.00	National City Bank	38	39
26½	21	1.20	National Dairy Prods.	26½	26¼
33⅜	26¼	2.00	National Distillers	26⅜	26½
14⅞	9⅜	0.60	National Power Lt.	10⅝	10⅜
42¼	27⅜	0.10	New York Central	36⅜	36¼
32¼	23¼	1.00	North American	28⅝	29¼
39⅝	30⅜	1.50	Pacific Gas & Electric	38½	38⅜
56⅞	47⅝	2.40	Pacific Lighting	51⅜	51½
13	6⅞	0.10	Packard Motors	10⅝	10⅝
39	28¼	1.00	Pennsylvania Railroad	32	31¼
49⅜	38⅛	1.00	Phillips Petroleum	42½	42
48⅝	39	2.40	Public Serv. of N. J.	43⅜	43½
14⅞	9¾	—	Radio Corporation of Amer.	11½	11½
58⅝	50	3.00	Reynolds Tobacco "B"	54	53⅜
52	38⅜	—	Schenley	41	40¼
76	59⅜	2.00	Sears Roebuck	73⅞	73⅞
17	12½	0.40	Socony-Vacuum	13¼	13⅛
29	25	1.50	Southern California Edison	28¼	28
38⅞	23½	—	Southern Pacific	34¼	33⅝
18	14⅜	0.80	Standard Brands	15⅜	15⅜
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70	51⅛	1.00	Standard Oil Co. of N. J.	59⅛	58⅞
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32⅜	20⅝	—	United Aircraft (New)	22⅜	22⅛
21	13	—	United Airline Trans.	17	16½
9¼	5⅜	—	United Corporation	7⅛	7
19½	14⅜	1.00	United Gas Improvement	15⅞	15⅜
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